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# ***JPRS Report***

## **China**

### ***QIUSHI [SEEKING TRUTH]***

No 4, 16 August 1988

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# China

## QIUSHI [SEEKING TRUTH]

No 4, 16 August 1988

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QIUSHI [SEEKING TRUTH]

No 4, 16 August 1988

**Substituting Dialogue for Confrontation Is the Demand of the Times**

HK0509053888 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 4, 16 Aug 88 pp 2-4

[Article by Qian Qichen 6929 0366 3819]

[Text] For a long time we have been living in a world which was beset with confrontations, and where the arms race and regional conflicts seriously threatened the security of all countries and world peace. In recent years dialogue has come on strong, and constituted a new historical trend. This is a spectacular change, and has drawn public attention.

It was first noted that the relations between the United States and the Soviet Union have shown some improvement. The acute confrontation and fierce contention between the 2 superpowers, who regard the other side as a rival, has been a major source of the sustained tension and turbulence in the world for many years. Some periods in the past witnessed sharpened confrontation, suspended dialogue, and even their "swords drawn and bows bent." All countries were deeply concerned and worried over the tense situation, because it posed a direct threat to world peace. At present, the scene is as follows: Since 1985, President Reagan and General Secretary Gorbachev have held 4 talks in 3 years. The foreign ministers of the two countries have met as many as 27 times, a record frequency which has never been seen in US-USSR relations in the past. Their talks covered wide-ranging problems. Urged by the strong demand of the world's people for an end to the arms race, effective disarmament, and relaxation of international tension, the two countries have reached some agreements. Chief among those agreements is the pact on medium-range missiles signed by both parties when Gorbachev visited the States in December last year. The nuclear weapons covered in the pact account for a very small part of their nuclear weaponry, but it is the first step forward they made in the age-long negotiations over cutting missiles and nuclear weapons. Following the pact, relevant personnel of both countries went to the other side for an on-the-spot inspection. This is also a practice never seen before. The response is basically favorable around the world. The talks on cutting 50 percent of strategic nuclear weapons have yet to arrive at an agreement, but both parties expressed willingness to keep the ball rolling.

A number of long-standing regional conflicts not only have made the local people suffer, but also menaced the security of adjacent areas and even world peace. In recent years frequent efforts have been made to seek a political solution to regional conflicts through dialogue, and encouraging headway has been made.

After an agreement on Afghanistan was signed in Geneva in April this year, the Soviet Union began withdrawing its troops from Afghanistan. This made the Vietnamese invasion of Cambodia even more conspicuous, giving rise to a universal pressing appeal for withdrawal of Vietnamese troops from Cambodia. The ASEAN countries have put forward suggestions and worked hard to seek a solution to the conflict through negotiations. Whether or not the efforts made by the international community will lead to a just and reasonable political solution to Cambodian issues depends on Vietnam's attitude, on its determination to completely withdraw its troops from Cambodia as soon as possible. So far the attitude of the Vietnamese authorities has entirely run counter to the requirements of the world community.

The war between Iraq and Iran which has lasted 8 years has shown a favorable turn. Since both countries have agreed with the No 598 Resolution adopted by the Security Council, they are expected to go further to accept the UN secretary-general's mediation, burying the hatchet and entering into negotiations.

In southern Africa, after a 13-year-old chaos caused by wars in Angola, negotiations between Angola, Cuba, South Africa, and the United States on peace in Angola and the independence of Namibia have begun, and an agreement on some principles has been reached. Further dialogue is continuing.

Last year 5 countries in Central America, namely Nicaragua, El Salvador, Honduras, Costa Rica, and Guatemala arrived at an agreement on the peace of the area. This year the Nicaraguan authorities have held direct talks with the contras. Though the path may be rife with difficulties, Central America has embarked on a road of seeking peace through negotiations.

In the war-ridden Middle East, the heroic struggle of the Palestinian people in the occupied territory has pressed all quarters concerned to step up their efforts to seek a political solution to issues in that area, and various programs for peaceful settlement have been advanced. The efforts have not yet yielded any results so far; however, the dialogue remains frequent.

As well, it should be pointed out that apart from the dialogue between the United States and the Soviet Union as well as the dialogue on regional conflicts, various countries in Asia, Africa, and Latin America, in their negotiations for a solution to the political, economic, and social issues in their areas, and cooperation, have put forward many positive and constructive proposals in respective regional organizations and conferences. In the Balkans, which is usually referred to as "a powder keg," foreign ministers met for the first time not long ago to discuss cooperation between countries in that area. The northern and southern parts of Korea are also making contacts to prepare for the convocation of a joint

parliamentary conference and talks on relaxation of tension in the Korean peninsula. This is a new development of the dialogue between the 2 parts.

All these factors unite to form a general trend of dialogue which is gaining momentum in the world today, promoting relaxation of the international tension. As Comrade Deng Xiaoping recently pointed out in his talks with foreign guests, a new trend of substituting dialogue for confrontation has arisen, and the tendency to seek a peaceful settlement of international disputes is building up. This is a brilliant summary of the new characteristics of the developing international situation.

This new characterized situation has by no means come on the scene by accident. It is an inevitable outcome of historical development of more than 40 years following the 2d World War, also an outcome of unrelenting struggles of the world's people to combat hegemonism, safeguard world peace, and relax international tension.

With the national independence movement rising to an unprecedented height, and rapid disintegration of the colonialist system since the war, power politics have, more and more, gone nowhere. All just struggles to strive for and safeguard national independence and state sovereignty, and against foreign aggression and intervention have won widespread sympathy and support the world over. Gone forever are the days when small countries were trampled underfoot by big ones, and weak nations bullied by strong ones at will. The United States, having experienced the wars in Vietnam and Korea, has finally realized that a superpower has a limited role to play in the world. The 8-year-old war it waged in Afghanistan also brought home to the Soviet Union that it cannot impose its will on a weak country despite its military superiority. The superpowers have encountered difficulties, and their influence in the world is declining. It is against this background that they made corresponding readjustments of their foreign policies.

After several decades of the postwar arms race, the United States and the Soviet Union have piled up enough nuclear weapons to destroy the world many times over. The overkill nuclear capacity they possess has made them more and more cognizant of the fact that it is of no practical significance to spend a lot of money on increasing the number of nuclear weapons. More and more frequently, it dawns on them that a nuclear war cannot be won or waged. Such a change in their thinking has also inevitably caused them to make necessary readjustments of their security policies.

The progress of modern science and technology with each passing day has brought about rapid economic growth. Scientific and technological level and economic capability play a more and more important role in the growth of national strength as a whole. During the development of several decades following the war, Japan and West Europe have risen economically, the position of the United States has relatively declined, and the gap

between the Soviet Union and the West has widened. This cannot but shock the United States and the Soviet Union. In the United States, some people have warned against repeating the past mistake of some big powers which unduly expanded and finally declined. The Soviet Union has sensed that many years of "stagnation" has led the country to the brink of a "crisis." Both the United States and the Soviet Union have been compelled to readjust their policies, and have tried to extricate themselves from confrontation and conflicts to a certain extent so that they can turn their minds to the 21st century, and to strengthening their overall national power, in an effort to maintain their position as superpowers in the face of new challenges.

Since the 2d World War ended, the most pressing historical task facing countries in the vast 3d world following their independence has been to develop national economy and improve people's life. But in the midst of local wars and regional conflicts created by the contention between the superpowers, countries in Asia, Africa, and Latin America bore the brunt, and suffered most. Countries which got involved in regional conflicts consumed their national power for nothing in return, and have had difficulties in developing economy, while those seeking regional hegemonism have landed themselves in isolation internationally, and made their people live in misery. Therefore, a common and desperate desire for peace and economic growth constitute an irresistible general trend.

Countries in East and West Europe, which were sandwiched between the rivalry of east and west blocs, and suffered most during the 2 World Wars, are certainly concerned about detente and disarmament, and refuse to expect that the achievements they attained in building their countries will be once again destroyed in the flames of war. Developed countries such as Japan, Canada, and New Zealand are also in need of further development in peace.

Given such historical conditions, peace and development have formed 2 major trends of the current world. Settling all contradictions and issues around the world through dialogue has become the demand of the times.

Though hegemonism is still there, power politics have yet to step down from the stage of history, the arms race is far from ended, and the flames of war have yet to go out, yet the emergence of a trend of substituting dialogue for confrontation, and the developing tendency to settle international issues, further indicate that as long as all countries of the world continue to make concerted efforts, it is possible to win a comparatively long period of world peace.

The Chinese people are making a Long March to realize the socialist modernization of our country, and to approach and catch up with the economic level of developed countries. This colossal cause undoubtedly calls for unity and decades or even a hundred years of

unremitting efforts of the people of the whole country. We also undoubtedly require a peaceful and stable international environment and a lasting world peace. Without such favorable external conditions we can hardly succeed in our cause.

China needs peace, is against war, and stands for disarmament. We pursue an independent foreign policy of peace. We hold that relaxation in international situation is better than tension, and dialogue between countries is better than confrontation. We have consistently and enthusiastically proposed to adopt the Five Principles of Peaceful Coexistence (mutual respect for territorial integrity and sovereignty, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence) as universal norms for international relations. We maintain that a just and reasonable political solution to a number of existing regional conflicts should be sought through dialogue between all quarters concerned. We have consistently advocated settling international disputes through peaceful negotiations, and opposed the use of force. Adhering to these principles, we have satisfactorily settled boundary disputes with some neighboring countries, and have reached agreements with British and Portuguese governments respectively over Hong Kong and Macao issues, setting an example of settling the problems left over by history through negotiations between countries concerned. We have actively taken part in multilateral and bilateral talks. We support the principles and purposes of the non-aligned movement, and all kinds of regional cooperation and dialogue based on equality and mutual benefits. We set great store by the unity and friendly relations with countries of the third world. We stand for North-South dialogue and promote South-South cooperation.

China and the Soviet have conducted 12 rounds of political talks at the vice foreign ministerial level, and border negotiations are also underway. Both countries also hold special working conferences on Cambodia at the same level. We have consistently upheld that normalization of Sino-Soviet relations should be realized on the basis of clearing away obstacles and abiding by the Five Principles of Peaceful Coexistence. To expedite solution of the problem, Chinese leaders have proposed a Sino-Soviet summit meeting. Naturally the necessary climate and conditions should be created for this meeting, that is, the Soviet Union should urge Vietnam to withdraw its troops from Cambodia. Not long ago, the Chinese Ministry of Foreign Affairs issued a 4-point statement on Cambodia, once again making contributions to promoting a just and reasonable political solution to the Cambodia issue. As to the normalization of Sino-Vietnamese relations, the problem is not difficult to settle if Vietnam makes up its mind to withdraw its troops from Cambodia as soon as possible.

At a time when the international situation is comparatively relaxed, and world peace is better assured, the problem of development will stand out. Many countries

are making use of this favorable situation to speed up their economic growth. For China, whose reform has entered a crucial period, the current international situation does provide an excellent opportunity, but it is also fraught with severe challenges. Comrade Zhao Ziyang pointed out in his report delivered at the 13th CPC National Congress: "Today's world is characterized by a rapidly growing revolution in technology, increasingly intense market competition, and a volatile political situation. We are faced with formidable and pressing challenges. If we do not recognize this and redouble our efforts, our country and our people may fall further behind, and China will not be able to take its rightful place in the world." Let us, with a pressing sense, seize the opportunity in time, boldly take up the challenge, and work hard to fulfill the great historical mission of rejuvenating China.

#### **Several Issues in the Current Rural Economic Development**

*HK0709054588 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 4, 16 Aug 88 pp 5-9, 25*

[Article by He Kong 6149 1660]

[Text] Since last year, there have been many discussions in society concerning the tight supply of certain agricultural and sideline products and the rise in their prices. Relatively serious and strong remarks have also been made by the relevant industrial enterprises on the insufficient supply of cotton, wool, and other raw materials. This article will briefly discuss views on such issues as the rural economic situation and agricultural development.

#### **I. The Rural Economic Situation and the Problems It Faces**

In 1987, our country's rural economy maintained the trend of sustained growth. The gross output value of rural society amounted to 904.1 billion yuan, an increase of 12.7 percent over the preceding year. Of this, the gross output value of agriculture increased by 4.7 percent; the gross output value of the non agricultural industries and trades (including rural industries, construction, transport, and commerce) increased by 21.8 percent, and its ratio out of the gross output value of rural society grew from 46.9 percent in 1986 to 50.8 percent. This was the first time that it exceeded the ratio occupied by the gross output value of agriculture and indicated that in the rural villages, readjustment of the industrial structure and development of the commodity economy had gained a new development. On the side of the production of agricultural products, aside from sugar, jute, and bluish dogbane, all of which decreased in production, the output volume of the great majority of the crops increased compared with 1986. Of this, the gross output value of grain, cotton, and edible oils increased respectively by 2.8 percent, 18.4 percent and 3.5 percent over the preceding year. The gross output volume of meat remained at an even level. The output volume of aquatic

products increased by 14.1 percent. The gross output value of town and township enterprises amounted to 450 billion yuan, the taxes that they delivered to the state amounted to some 20 billion yuan, and they employed over 85 million people, accounting for 22.4 percent of the total labor force in the rural areas. Eighteen thousand backbone enterprises earning foreign exchange through their exports emerged, which earned \$5 billion for the state that year.

However, seen as a whole, the development of agriculture was still not suited to the national economic construction and the daily needs of the people. There were very serious problems. At the moment, the biggest problem in our country's economic and social life is the excessive rise of commodity prices, and the crux of the price problem lies in the prices food. The current imbalance in the market's supply of and demand for agricultural and sideline products may be traced to slow production development, too rapid an increase in consumption, and poor and uneven circulation. But, basically speaking, just as Comrade Li Pang pointed out in his "report on government work" to the 1st session of the Seventh National People's Congress, all this is due to our "inability, under the conditions of the rapid development of the rural commodity economy, to promptly and correctly make use of the law of value to guide agricultural production." After 9 years of reform, the structure of the products economy in the rural areas, which had carried out production traditionally according to mandatory planning, has been shifted to the track of a commodity economy, which combines planned guidance with regulation by market mechanism, and this has begun to establish the peasants as principal commodity producers and entrepreneurs. They now have the motive power mechanism of developing the commodity economy according to market guidance as well as the time and space to select the industry or trade in which engage. Therefore, they have quite naturally followed those economically rational principles and rules that yield the most profit for allocating their material resources and for autonomously selecting their own industries, trades, and projects of endeavor. Under the conditions of vitalizing the peasants' microeconomic acts, our policy of macroeconomic control and regulation has failed to work in coordination, and this and the market's incomplete development and degree of organization has resulted in the phenomenon of "a year's production decrease requiring 2 years' slow recovery" in our grain production since 1985.

Seen from the demand side, during these years the income of the urban and rural residents has increased and their demand for food consumption has increased extremely rapidly. According to statistics, from 1979 to 1986, of the consumption outlay in the urban and rural residents' daily life, that for food commodities increased by 200 percent, averaging an annual increase of 14.7 percent, and far exceeding the growth rate of grain and animal products. During the last 2 years, the grain consumption volume for the entire country has

increased at a rate of 15 million tons a year. Of this, the increase in the population of over 14 million people has required an increase of 5 million tons of grain for consumption, and the remaining 10 million tons or more are mainly used to feed animals or used for making wine. In addition, sales at low prices maintained by government purchases at low prices and financial subsidies from the state have enabled consumers to pay prices for agricultural products that are not at all commensurate with their actual cost of production, which has been a factor in stimulating consumption.

From this it can be seen that generally speaking, the current imbalance between the gross supply and gross demand in agricultural and animal products has been generated under the conditions of the continuous rise in the people's standard of living. We should appropriately guide consumption and fix a consumption structure and diet structure suited to our national conditions. At the same time, it should also be seen that along with the development of the economy, the people's material and cultural life must be continuously improved. For this reason, we should emphasize developing production and increasing supply.

This being the case, at present what are the outstanding problems faced in agricultural development?

First, agriculture produces a relatively low interest yield, and the peasants are not very enthusiastic about growing such principal agricultural crops as grain or cotton. Under the conditions of the contracted purchase prices being significantly lower than the market prices, in 1987 the state enforced the system of the "three links" of purchasing grain at a fix price and supplying chemical fertilizer and diesel oil at parity prices with prepaid deposit funds. But the quantity of the linked materials was small, and the procedure involved was long and tedious. So far as the peasants were concerned, what actually happened was that they obtained a subsidy of only 2 or 3 cents in the delivery and sale of each 0.5 kilogram of commodity grain and the incentive offered was small. In particular, in recent years there has been a large-scale rise in the prices of the means of production for agricultural use and there has been much reselling for profit in the markets. The retail sales price of each standard ton of chemical fertilizer rose from 231 yuan in 1978 to 381.2 yuan in 1986, a rise of 65 percent. Since 1984, the scale of the price rise of chemical fertilizer has averaged 13.8 percent a year. During the same period, the comprehensive average price of grain has increased by only 9 percent each year, while in the case of cotton, the comprehensive average price each year has even dropped by 3 percent. As a result, comparing 1986 to 1984, in planting crops the net output value created per each 100 yuan worth of consumption of materials was reduced by 17 yuan.

Second, investment in agriculture has been reduced, the basic facilities are weak, and the stamina of agricultural development has not been sufficient. In the 29 years

before 1980, the state's yearly capital construction investments in agriculture had occupied an average ratio of 11.9 percent of the state's gross expenditures on capital construction. During the "Sixth 5-Year Plan" period, it dropped to below 6 percent and in 1986 to 3.3 percent; the ratio occupied by agricultural enterprise expenses and outlay for aid to agricultural production out of the gross financial expenditures of the state dropped from 7 percent in 1979 to 5.5 percent in 1987; in the gross volume of state loans, the portion destined for agriculture was only 7.6 percent. Such a state of affairs was by no means commensurate with the national conditions of this large low-income agricultural country nor with agriculture's basic position in the national economy. At the same time, during these years, investments in agriculture by the rural collectives and the individual peasants were also been reduced year after year. As a result of the reduced input and of the failure of agricultural production conditions to improve, in 1987 the effective irrigated area of farmland throughout the country showed a decrease of 736,000 hectares compared with 1980, and there was no effective control over such phenomena as soil erosion, the quality of soil becoming sandy, and a general decrease in soil fertility.

Third, there has been a dire shortage in the supply of means of production for agricultural use. According to an analysis made of the input and output in our country's agricultural production over the past 30 years or more, the formation of a yearly increased production capacity of 50 million tons of grain required an input of 15 million tons of chemical fertilizer, agricultural machines with a gross force of 50 million horsepower, 1.3 million tons of diesel oil, and 10 billion kilowatt-hours of rural electric power. Although in recent years, there has been a certain increase in the supply of means of production for agricultural use, the necessities for agricultural production are still far from being fully satisfied.

Seen in the long run, the problems to be solved in our country's agricultural development are seven more serious. The area of our cultivated land decreases every year, while the population increases every year. In general terms, it may be said that in recent years, throughout the country as a whole, every year cultivated land has decreased by the size of a small province has been, while the increase in population is equal to that of a medium-sized province. Experiences both inside the country and abroad have shown that the increased portion in the outlay for food on the part of people who have solved their problem having enough to eat and wear is principally spent on the consumption of meat products. Thus, agricultural development is our country currently suffers from restrictions due to a shortage of cultivated land and, at the same time, faces enormous pressure from society's daily increasing demand for agricultural products. For this reason we should fully tap the potentials from all sides and strive hard to produce a little more grain and other agricultural and animal products.

## II. Agriculture Has a Vast Potential for Development, Future Prospects Are Broad and Extensive

In our opinion, China's agriculture is still in the developing stage. Many of its resources have not yet been rationally developed and utilized, and a large number of suitable scientific and technological results have not yet been put to general use. Agricultural production still has very great prospects and potential for development.

1. Developing and Utilizing Resources. Seen from both the width and depth of the opening up of the resources, the potentials are rather wide. Regarding the development in width, aside from the 13.30 million hectares of barren land resources available for cultivation, there are over 13 million hectares of shallow beaches, over 1.3 million hectares of which would be good for artificial breeding industries, while at present only 400,000 hectares have been so used; there are over 17.30 million hectares of inland water surface area, of which 3.86 million hectares have been opened up and utilized; there are some 220 million hectares of grassland in the north, or which only 1 percent has been improved; and in the south there are 46.67 million hectares of hilly grasslands, not including scattered barren land in various other places. Many of these resources can be developed rationally and put to good use within a short period of time. In respect of developing the resources in depth, one measure is to transform farmlands of middle-level or low-level yield. Presently about two-thirds of China's cultivated land belong to this category. According to previous experience, if we take measures appropriate for the local conditions and combine engineering measures and biological measures, it is possible, on the average, to increase the per-mu yield of grain by 50 to 75 kilograms. A second measure is to raise the multiple-cropping index of the cultivated land. In the 12 provinces and autonomous regions of southern China, there are usually 13.3 million hectares of farmland lying idle in the winter. In recent years, over 8 million hectares of them have been available for development and utilization. In the past 2 years, the provinces of Hunan, Hubei and Jiangxi have taken the road of opening up and utilizing idle fields in the winter as an important way to develop grain production and have achieved success. A third measure is the development of household spare-yard economy. The 190 million peasant households in the country usually have over half a mu of spare and unused land around them. If the strong points of intensive farming are utilized, the per-mu income can amount to over 1,000 yuan.

2. Dependence on Science and Technology for Progress. According to an investigation and survey of the agricultural production growth rate over the past 30 years or more, the role played by technological progress on the agricultural production growth rate was only 30 percent, whereas in certain economically developed countries of the world it has generally been 60 to 80 percent. If we can closely link together the promotion and application of science and technology with suitable material input then

we can substantially increase the agricultural production level. For example, the average mu-yield from planting hybrid rice is usually higher than that ordinary rice by around 75 km. During the "Sixth 5-Year Plan" period, of the gross volume of production-increase in grain in the country, 20 percent was accounted for by the promotion and use of hybrid rice technology. At present the per-mu yield of rape seed is generally in the neighborhood of 50 km, but the Shaanxi Province the promotion and planting of an improved variety of rape seed has resulted in a per-mu yield of 150 to 200 km. For another example, the use of a membrane cover over the soil can increase the unit-area yield of maize, peanut, and cotton crops by over 30 percent.

3. Raising the Input and Output Rates. At present, in our country's agriculture, the input of funds and materials is on the one hand insufficient and, on the other hand, is marked by such conditions as improper use, poor effects, and low output rate. In our country, the utilization rate of chemical fertilizer and of irrigation water are rather low, being about 30 to 35 percent. If the chemical fertilizer utilization rate is raised by 10 percent then it would be equivalent to the additional use of some 9 million tons of chemical fertilizer throughout the whole country, and this can increase grain output by over 13 million tons. If fact, the promotion and proper use of fertilizer could bring about a production increase of 10 to 20 percent. Promoting and extending such techniques as preventing channel leakages, coordinating tools and appliances in the fields and sprayer irrigation can bring up the utilization rate of irrigating water by 10 percent over the current basis. This can in turn enlarge the irrigated area and the per-mu yield of grain can be increased by around 50 kilograms.

In the animal husbandry trade in our country, the transformation rate of the feed materials is low, and in the country as a whole the average slaughter rate [chuxi-lan-lu 0427 2936 3764] of hogs is 77.6 percent, whereas in Jiangsu Province and in Shanghai, it has already reached 125 percent and 160 percent respectively, while in developed pig-raising countries in the world the rate is over 200 percent. At the same time, in our country the mortality rate of animals and fowls is high—10 percent for pigs and 20 percent for fowl. If the plague prevention system is perfected so that there can be a 2 percent decrease in the mortality rate of pigs, then each year the supply of pork can be increased by 400,000 tons, equivalent to the import volume of pork in Beijing, Tianjin and Shanghai for the year 1987.

Regarding the financial side of agriculture, we can raise the utilization effects of funds and enable the limited amount of available funds to bring up their production-increase effects principally by means of the following: reforming the method of the use and management of funds, changing the non compensatory system to the compensatory system, changing the "pepper-scattering" method or scattered-use method of funds into a system of giving prominence to major issues and centralized

uses, changing the methods of administratively distributing labor by layer and administrative management to the employment of economic tactics, enforcing project-by-project control with the funds in close adherence to the projects, and at the same time, pushing the contract-bidding system and the assets management responsibility system.

In short, if there is a correct policy, is economic relations are put in good order, the internal hidden potential of agriculture are fully tapped, and the material resources effectively distributed, the prospects of the development of agriculture in China would be extremely broad and extensive.

### **III. Intensifying Reform, Readjusting Policies, Increasing Input, and Pushing for Stable and Coordinated Development of the Rural Economy**

Deepening rural reform and speeding up agricultural development are both related to the various aspects of the national economy. According to the historical experiences of our country's economic construction, between agriculture and industry the relative development rate should generally be maintained at the rate of 1:2, but during the past 3 years the rate was about 1:3.5. Industry's sustained high-speed growth and reduction in the development speed of agriculture have brought about a lack of coordination between these two large sectors of industry and agriculture and have affected the development of the entire national economy. Therefore, the adoption of fundamental measures to coordinate the relations between industry and agriculture, regulate and readjust their development speeds and proportion in structure, and raise agricultural production to a new level are currently very urgent tasks in the development of the national economy.

For the realization of the targets of agricultural development in the recent and middle periods, from now on the general guideline in agricultural work consists of: deepening the reform, increasing the input, fully arousing the production enthusiasm of the vast masses of peasants, further developing the agricultural productive forces, and gradually pushing agricultural modernization.

(1) Make Use of Law of Value, Readjust Policies, Smooth Out Relations With Others and Facilitate Stable Growth of Agriculture.

First, the comparative price relations of industrial and agricultural products should be gradually readjusted. We must learn how to use the law of value to deal with the peasants, make friends with them, and definitely protect their economic interests so that they can generally obtain the economic benefits commensurate with the average profit rate in society. In the last 2 years, due to certain policies inadequate measures, and errors in work, the



"scissors differential" between the prices of the industrial and agricultural products has again shown a widening tendency. This is a problem which merits our immediate and urgent attention. This year the State Council decided to further perfect the contractual fixed purchase system of grain and cotton and slightly adjusted the purchase prices of wheat, rice from the north, maize from the south and a portion of the edible oils. It is estimated that doing this would increase the peasants' income by over 1 billion yuan. An extra subsidy on sugar has been enforced. Every 100 kg purchase of cotton will be accompanied by a reward-sale of 70 kg of chemical fertilizer and 5 kg of diesel oil. In addition, it has enforced the policy of "adjusting cotton and awarding grain," and on each 100 kg of ginned cotton from the provinces and autonomous regions a subsidy of a "consultative-transforming-parity" differential price of 12.8 yuan will be given, to be paid out by the central government in a unified manner.

Strengthening the control of the prices and market for means of production for agricultural use. The state's unified fixed prices must be strictly adhered to. The highest price limits fixed by the state must be followed and the limits should by no means be exceeded. Illegal dealings in means of production for agricultural use must be sternly suppressed, and reselling in the market at high prices and random raising of prices must be strictly eliminated.

Next, the interest relations between the various industries and trades inside agriculture must be duly readjusted. At present, the purchasing and selling prices of a portion of the agricultural products have been opened up or set free. For example, in the case of fruits and aquatic products the peasants are reaping large operation profits, but the prices of agricultural products fixed in purchase contracts with the state have been on the low side. Accordingly, the various localities have begun to collect a special product tax on agricultural goods, and certain provinces have already set up grain development funds, which will be used to regulate and readjust the interest relations between planting grain and planting other economic crops so as to support the development of grain production.

Third, the relations between the town and township enterprises and agriculture should be handled correctly. It is necessary to take raising the economic benefits as the center, continue to develop the town and township enterprises, and continue to adopt the forms of "industry supplementing agriculture," "industry building agriculture," and so on. On the microeconomic side, that is, internally in the countryside and the villages, the interest structures of the primary, secondary, and tertiary industries should be readjusted, so as to facilitate the coordinated development of the rural economy.

Fourth, the relations between the urban and rural areas should be put in order and the unified development of the urban and rural economies should be pushed. Since

the founding of the PRC, industry in our country has achieved a relatively larger development, and basically a relatively integrated industry structure has been established. But there has been no basic change in the pattern of "800 million peasants preparing the food." With an enormous number of peasants congested within a limited area of cultivated land, this has caused a long-term slow increase in the agricultural productivity rate and in the peasants' income and the formation of a dual social structure featuring the coexistence of modern industrial cities and towns of a set scale and rural villages mainly relying on traditional agriculture. Actual practice has shown that nondevelopment of the rural economy cannot enlarge the market for industrial products or provide sufficient food and raw materials for the urban industries. Therefore, it is necessary for us, by means of the reform, to establish between the two a new pattern of relations between industry and agriculture and to enable the cities and the countryside to communicate with each other, facilitate each other, and join in coordinated development.

Fifth, we must smooth out the relations between production, supply, and marketing. The unification of the production, supply and marketing of agricultural and animal husbandry products into a single body should be realized since this can reduce the intermediate links in commodity circulation, lower the cost of circulation, bring the producer and the seller face to face, and enable the peasants to produce more marketable products. In addition, under the current conditions of price relations between the industrial and agricultural products not having yet been smoothed out or put in order, we can allow the peasants to enjoy in part a portion of the profits from the processing and operation stages of agricultural and sideline products and thereby arouse their enthusiasm in producing products of top quality. This year, we plan to carry out pilot work in the three large cities of Beijing, Tianjin, and Shanghai and, following the collection of experiences, gradually increase the scale of the work.

## (2) Increase Input and Strengthen the Reserve Power of Agricultural Development.

It is necessary to formulate appropriate policies and adopt different forms to induce the rural collectives and peasant households to increase their input into agriculture. Simultaneously, the state should adequately raise the ratio occupied by capital investments in agriculture in the country's gross capital construction investments, increase the ratio of agricultural enterprise expenses in the gross expenditures of the state budget, raise the ratio of agriculture's use of foreign capital, and increase to a rather great extent the loans to agriculture. But we must put to good use the various funds designated by the state for rendering direct support to agricultural production, augment the management of projects incurring foreign investments, and promote the experiences of such provinces as Zhejiang and Jiangxi in raising agricultural development funds so as to enlarge the sources of funds for agriculture.

For the sake of increasing the material input into agriculture, the State Council has decided to take development of the chemical fertilizer industry as a strategic problem under consideration. It is planned that by 1990, the production capacity of chemical fertilizer will amount to 100 million tons, by 1995 to 120 to 130 million tons, and by 2000 to 150 million tons. Funds are being made available for the projects.

(3) Strengthen Construction of the Socialized Service Structure, Perfect the System of Contracting Responsibility with Payment Linked to Output, Gradually Realizing the Dimensional Operation of Land in Localities Possessing the Necessary Conditions, and Generally Raising Agricultural Labor Productivity and Land Productivity Rates.

In strengthening the construction of the rural service structure, it is most important to do a good job of setting up technical service stations for the township and village levels and manning them with the necessary personnel. It is necessary to advocate technological expansion and enlarge the services in such areas as veterinary medicine, management and control, farming machines, water conservancy, supply and sales of products, and so forth. We should also encourage and support the peasants individually and collectively organizing social service work. At present in the rural areas over 80,000 units of various kinds of peasant technological federations or research associations have made their appearance. These were all formed by the peasants themselves, on the basis of specialized technology. They engage in answering technical inquiries, exchanging market information, smoothing out the channels for supply and sales, and providing technical training to the populace. They are all self-service organizations of a public nature. Governments at various levels and the agricultural department should give them support, guidance, and help and thereby gradually form a rural socialized service structure that is a "union of specialized associations," divides work rationally, and takes charge of regulation and coordination.

(4) Place Reliance on Scientific and Technological Progress and Raise the Level of Agricultural Production.

The existing number of advanced and suitable agricultural scientific techniques, which has been proven in actual practice to have produced notable production-increase effects, should be rapidly put into application in production. The so-called "harvesting scheme," which is a good way to push technological progress in agriculture, should be strongly insisted on and for a prolonged period of time.

Reform of the scientific and technological structure of agricultural should be speeded up. Different steps should be taken to vitalize the scientific and technological organs and to invigorate their scientific and technical personnel. Scientific and technical personnel of urban scientific, technological, and teaching units, enterprises, and organizations should be encouraged and absorbed

into the rural areas to take up scientific and technological development there and to undertake technological contracting, with due compensation. The competitive mechanism should be introduced into the rural scientific and technological units, and we should effect a close linking of the economic interests of the scientific and technological units and the scientific and technical personnel with their contributions to the economic and social development of the rural areas. The phenomenon of "everybody eating from the same big pot" internally in the agricultural scientific and technological units should be overcome, and the vitality of science and technology serving rural economic construction should be augmented.

Furthermore, the educational structure in agriculture should be reformed. Based on the needs for developing the commodity economy in the rural areas, the specialized equipment and facilities of the higher and middle-grade institutions of learning in agriculture should be duly readjusted and improved and the system of enrollment of students and distribution of graduates should be reformed. We should vigorously develop the various kinds of occupational scientific education in agriculture, using the middle and specialized grades to serve as backbone. The technical training of peasants with the stress on pushing the use of applied techniques should be developed so as to improve the general quality of the vast masses of peasants.

(5) Strengthen Building of Agricultural and Commodity Base Areas of a Developing Nature and Developing the Kind of Agriculture That Can Earn Foreign Exchange as Well as Export-Oriented Town and Township Enterprises.

In order to ease the contradiction between population inflation and shortage of cultivated land, and making an important policy decision to basically solve the agricultural problem, the State Council has decided that beginning this year, the regional development of agriculture will be strengthened: First, in the San Jiang flatlands of the northeast, the plan is to develop 670,000 hectares of cultivated land and yields of medium or low grades by 1990; second, in the Huanghe and Huaihai areas, 13.3 million hectares of fields of medium-and-low-grade yields will be transformed. To do this, the state will sign agreements with the provinces, and the state making the investment will be linked with the outward transfer of commodity agricultural products. It is estimated that by the end of this century, following the realization of the development targets of these two large regions, each year there will be production increases of: 55 million tons of grain, 100,000 tons of cotton, and 2 million tons of meat. In addition, the State Council has made arrangements for the development of base areas for cotton and sugar crops in Xinjiang and a base area for the sugar crop in Guangxi.

Regarding the various base area counties and base areas such as the 110 commodity grain base counties, 72 commodity cotton base counties, and 122 commodity

animal husbandry bases and the bases for the various kinds of special, superior, and new products, the targets set should be increasing output and delivering large quantities of agricultural and animal husbandry products of superior quality, and efforts should be made to strengthen their construction and equipment based on the demands of commercialization, socialization, and modernization. Major efforts should be devoted to supporting and protecting the base areas intended to supply to the three large cities of Beijing, Tianjin and Shanghai such subsidiary food products as meat, fowls, eggs, milk, and vegetables.

In recent years, we have made a rather good showing in foreign exchange earnings through the export of farm products. In 1987, the export of agricultural and sideline products and their processed products earned for the state foreign exchange in the amount of \$16.3 billion, which was 47 percent of the country's total export trade for that year. The State Council has strengthened its lead over the agriculture that can earn foreign exchange and has arranged special funds for this purpose.

The business mechanism of town and township enterprises has been found to be in a relatively sound position, and their ability to bear market risks is fairly strong. Particularly in the coastal areas, there are rich labor force resources of high quality, and the communication of news and information is fast because there are good communication facilities. We should thoroughly implement the central authorities' strategy on the economic development of the coastal areas, tightly grasp the advantageous opportunities offered by the international changes in industrial structure and transfer of industries, put the regional strong points onto full play, and boldly proceed with the development of export-oriented industries of the labor-intensive type and of industries that are combination of labor-intensive and technology intensive types. In the case of the processing industry, we must firmly insist on the principle of "both points being externally-oriented" and be bold about making large purchases and large sales. At the same time, a sound environment for investment should be created to extensively absorb foreign capital and capital from our overseas compatriots.

(6) Lead Rural Cadres at Grass-Roots Level To Renew Their Ideas, Strengthen Their Concepts of Commodity, Value, and Competition, Lead the People To Develop a Commodity Economy and To Take the Road to Common Prosperity. At the same time, we must use the new ideas and new culture of socialism to teach the peasants to leave their old habits and customs behind and to set up a new atmosphere.

At present, the agricultural problem has attracted the general concern of the country from top to bottom. Our agricultural department finds its responsibilities heavy and its tasks tedious. We must firmly insist on implementing the general guideline of stabilizing the economy and deepening the reform, grasp the whole situation with

reform, steadfastly perform our department's work well, strive hard to achieve an all-round increase in agricultural production this year, and facilitate the stable and coordinated development of the rural economy.

**From Contract System to Share System—  
Transformation of the Enterprise Operational  
Form and the Property Organizational Form**  
*HK0309062188 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 4, 16 Aug 88 pp 10-14*

[Article by Lin Ling 2651 0407 of the Sichuan Provincial Academy of Social Sciences]

[Text] The aim of economic structural reform is to establish a new system that can promote the full development of the socialist commodity economy. The structure of this new system consists of the following three essential factors. 1) There are producers and operators of various kinds of commodities, who are characterized by their independent operation and the practice of assuming sole responsibility for profits and losses. 2) The socialist market system is an arena in which producers and operators of various kinds of commodities carry out their competitive production and operational activities. 3. A macroscopic and indirect regulating and controlling system is established with the aim of regulating, controlling and standardizing the conduct of various commodity producers and operators to ensure a sustained, stable, and coordinated development of the national economy. Taking these three essential factors into consideration, we believe that it is a matter of great significance to train commodity producers and operators who can act on their own to conduct their independent operation, assume the sole responsibility for their own profits and losses, carry out their massive self-accumulation, promote their self-transformation, and develop their own self-consciousness.

Great changes have taken place in the social ownership structure of our country since reform. The basically unitary public ownership structure no longer exists. Mixed economic sectors consisting of the individual economy, the private economy, sino-foreign ventures, the cooperative economy, foreign capital, and so on have come greatly to the fore. An economic structure consisting of various ownership forms has been established with socialist public ownership occupying a dominant position. This has given rise to various kinds of commodity producers and operators. Most of these commodity producers and operators are characterized by the basic economic mechanisms of independent operation and the assumption of sole responsibility for their own profits and losses. However, the state-owned enterprises lack this mechanism. The state-owned enterprises occupy an extremely important position in our country's national economy. If they fail to develop such mechanisms, training independent socialist commodity producers and operators, establishing a new economic system, and developing a socialist commodity economy is empty talk.

The reason the state-owned enterprises lack such mechanisms is, in the final analysis, that there is an insuperable contradiction between the state-owned system (note: not the public ownership system) and a commodity economy. The nature of a commodity economy demands that all those involved in it have their own independent property. If they do well in their independent operation, the value of their property will rise, and achieve their self-development. If they fail to score achievements in their independent operation, they must assume sole responsibility for their own losses, or even take economic responsibility for their bankruptcy. Therefore, to develop a socialist commodity economy, we should reform the state-owned enterprises.

Since the 3d Plenary Session of the 11th CPC Central Committee, our reform of the state-owned enterprises has been progressing along the path of separating ownership from operational power, and of continuously strengthening the operational power of enterprises. Up to now, this reform has undergone two stages. The first stage, which started in 1979, was to expand the enterprises' decisionmaking power in operation. The first stage of the reform has brought about a series of important changes: The expansion of enterprises' planning power, and the reduction of the scope of the application of mandatory; the abolition of the system of state monopoly over the purchase and distribution of products due to the expansion of enterprises' powers in the sale of their products, and the commercialization of means of production; reform in tax system and the establishment of the system governing the retention of profits by enterprises due to the expansion of enterprises' financial powers; coordination on the basis of specialization and the establishment of enterprise groups due to the expansion of enterprises' powers in lateral economic links, and so on. But the operational power provided to enterprises by the first stage of reform is not stable and standardized. Therefore, very often enterprises cannot exercise it because of the twists and turns occurring in the course of economic development. The second stage is the stage of implementing the contracted management responsibility system. The second stage of reform started in 1982 in some large and medium-sized enterprises. Some provinces have promoted the reform in the whole province. Practice over the past 5 years has proved that it is suitable for our national conditions and the reform in our country at the present stage. In 1987, it was popularized in the whole country as the main form of reform for enterprises. During the first half of this year, the contract system was already implemented in 82 percent of the large and medium-sized state-owned enterprises in our country.

Compared with the first stage of reform, characterized by the expansion of enterprises' decisionmaking power, the contract system has the following strong points: 1) It has been defined that the state is the owner of the property of enterprises, and that enterprises are the operators of the property. The representative of the

owner is the responsible department leading the enterprise, while the representative of the operator is factory director, or manager. 2) Through contracts, the representative of the owner and the representative of the operator establish their contractual relations and define the responsibilities, rights, and interests of the contracting parties. 3) The mechanism of competition has been introduced into contractual operation, and the best representatives of the operators are selected through methods such as inviting tenders, entering bids, and so on. 4) Some enterprises have adopted the method of individual mortgages on the part of all members of the enterprises. The operators are rewarded or punished in the same year as that in which the contracts are signed. 5) A relatively long contracting period can overcome the short-term conduct of enterprises to a certain extent. 6) Some enterprises have kept two separate accounts for the property of the state and the profits retained by enterprises. It is clearly stated that enterprises have a direct ownership power for the profits they retain, but the final power of ownership belongs to the state. Generally speaking, through the implementation of the contract system, the unstable, nonstandard, and impracticable decisionmaking power conferred on enterprises in the stage of expanding decisionmaking power has been considerably improved. In the course of implementing the contract system, several new systems have grown up, and the reform of the enterprises has been further pushed forward. Comparatively prominent economic results have been achieved.

However, the expansion of the decisionmaking power of enterprises and the implementation of the contract system is limited to the operational power of enterprises alone. Neither of them touches upon the enterprises' ownership power over property. There is no need for enterprises to assume sole responsibility for their own profits and losses. Therefore, it is impossible for them to truly become independent producers and operators of commodities. This situation has told us that, on the basis of systematically perfecting the contract system, we should take a decisive step in deepening and developing the contract system. In other words, we should reform the state-owned system, and turn the contract system into a socialist share system. This is the third stage of enterprise reform, which is characterized by enterprises' independent operation, and their sole responsibility for their own profits and losses.

Turning the contract system into a share system is not something created subjectively by particular people. It is a natural process which exists objectively, because in the course of expanding enterprises' decisionmaking power and implementing the contract system, the share system has been nurtured. This has been reflected in a series of changes which have taken place in the property of enterprises since reform.

Before the reform, state investment was the sole source of property of state-owned enterprises. State-owned enterprises were run solely by state capital. Since the

reform, in addition to state investment, the property of some enterprises also comes from the investment made by the enterprises themselves, using profits they have retained, or the investment made by them on the basis of bank loans which they will later repay. Some enterprises have invited workers to become shareholders, with the aim of expanding investment. Some enterprises, which have done well in promoting lateral economic links, have attracted investments from other enterprises. The contract system based on mortgages on the part of all members of the enterprises actually means that workers and staff members have become shareholders of their enterprises. These members run the enterprises and take the risks themselves. These changes show that the property of enterprises is no longer solely owned by the state. The property of enterprises now consists of two, three, or four sectors. The ownership power regarding the property which comes from the state investment, or from shares bought by workers and staff members, or from mortgages is clear and definite. The problem is that it is difficult to determine the ownership power regarding property resulting from the profits retained by enterprises, or loans provided to them by banks. According to the principle of separating ownership power from operational power, enterprises are the operators of the state-owned property. Enterprises should pay taxes (product tax, value-added tax and profit tax) to the state as an organ of political power, and turn over to the state, as the owner of the property, profits which are derived from the use of the state-owned property. The remaining profits, which can now be retained by enterprises, should be regarded as their operational incomes. They should be directly owned by enterprises. The property resulting from the profits retained by enterprises should naturally belong to the enterprises themselves. This essentially means that the property is collectively owned by the laborers of the enterprises. It is not owned by individuals. It cannot be divided up, or shared by individuals. The state has now stipulated that a separate account should be kept to administer this section of property. This is actually an unofficial acknowledgement of the fact that the property belongs to the enterprises. We can also say that this section of property is derived from the state property, and that the ultimate ownership power should belong to the state. However, this kind of statement is of no practical significance at all.

Property within an enterprise is based on multiple relationships. Every portion of the property can be divided into several shares in the total amount of the property. In accordance with the principle of limited companies, an enterprise can be set up on the basis of these shares. This is what we call the new socialist joint-stock enterprise. The previous enterprises, monopolized by state capital, no longer exist. In the new joint-stock company a board of directors is established. The board of directors is composed of representatives of the central and local governments, laborers, workers and staff members, and other enterprises which participate in the investment. They represent the interests of all shareholders. The directors on the board elect a president who is the

representative of the new owners. The board of directors will employ a manager who is responsible for the operation and management of the enterprise, that is the representative of the operators. The manager is responsible to the board of directors. If the enterprise makes profits, dividends are drawn in accordance with the number of shares held by shareholders. If the enterprise suffers losses, the shareholders must also take responsibility for the losses. Due to the fact that the state's shares were shares for starting the undertaking, the state has priority in drawing dividends. Should the enterprise suffer losses, the state is allowed not to accept any responsibility for them.

Generally speaking, such new socialist joint-stock companies possess the following characteristics: 1) They comprise various property owners, but the proportion of shares held by the state is bigger. There are also shares collectively held by laborers, whose representatives are elected at representative assemblies of workers and staff members. There are no such shares in the capitalist share system. If we want to define the "status" of such enterprises, we can say that they belong to a socialist mixed ownership with state shares occupying a dominant position. 2) The representatives of such enterprises are no longer government departments, but boards of directors composed of representatives of shareholders. Organizationally, they have severed their relations with the government. They are no longer appendages of the administrative organs of the government. 3) The separation of ownership power and operational power is not restricted to the separation of state and enterprise alone. It is also reflected in the separation of the board of directors and the manager. It is a true separation of ownership power and operational power at a higher level. This will give better play to the role of operators. 4) The enterprise is jointly owned by the majority of investors. It is also an independent property controlled by operators. It should assume sole responsibility for its own profits and losses. This kind of enterprise can truly train the independent socialist commodity producers and operators we need in reform, and help us set up necessary pillars in the establishment of the new structure.

The development from the contract system into the share system has exceeded the scope of operational reform. It has deepened the reform involving the property organizational form inside enterprises. This is a leap in enterprise reform, and also a matter of great significance marking the change from the product economy to the commodity economy in our urban economy. We know that the share system is not a unique product of the capitalist private system. It is an organizational form of the property of enterprises when the commodity economy has entered an advanced stage. During the initial stage of the development of commodity economy, enterprises are run solely by a small number of property owners. A tiny number of enterprises are run by several people in partnership. With the continuous expansion of the scope of production and operation, an increasingly greater amount of capital is needed. It is beyond the

capacity of individual property owners or joint property owners to invest such a great amount of capital. The share system emerges as the times require. Just as Marx pointed out: "If we relied on accumulation for our individual capital to increase to the level at which we could build a railway, there would be no railways in the world today. However, if we raise capital through joint-stock companies, the project can be completed very rapidly." (Complete Works of Marx and Engels, Vol 23, p 988) The share system has the functions of raising funds, of turning individual incomes into assets, of separating ownership from operational power, of disconnecting interests from risks, of making social assessments of the business of enterprises, and so on. All these have pushed commodity economy to a new high level of socialization, so that social productive forces can develop rapidly. This historical process of the development of commodity economy has shown that to turn our product economy in towns and cities into commodity economy as fast as possible, we should make use of the share system to re-establish the financial relations of enterprises. In other words, we should employ methods of resolving, absorbing, and so on to turn the massive property of large and medium-sized enterprises, accumulated through administrative means, into the joint property of shareholders. In the meantime, the policy of "three no changes" (no changes in ownership system, in relationships of subordination, and in the channels for turning over taxes to the state) should also be abolished. We should turn the enterprise groups, which formerly cooperated only in the fields of production, technology, and sales, into joint-stock enterprises based on capital integration. In the future, when we establish new enterprises, we should basically adopt the share system. A small number of enterprises can be turned into enterprises which manufacture export products. We can also invite foreign investors to become shareholders, or transfer some state-owned shares, with compensation, to foreign investors to establish joint-stock enterprises run with Chinese and foreign capital. In such a way, the socialist commodity economy in our country will develop vigorously. Of course, it does not mean that we should turn all state-owned enterprises into joint-stock enterprises. Generally speaking, some profit-making large and medium-sized enterprises should follow the share system. A small number of non-profitable enterprises connected with public facilities and monopoly enterprises connected with natural resources should still be run solely with state capital. Some enterprises needing heavy investment and high technology should also be established by the state because great risk is taken in running these projects. They should gradually be turned into joint-stock enterprises. With regard to state-owned large and medium-sized enterprises, they should be transferred to other units with compensation, or amalgamated with large and medium-sized enterprises, or turned into collective enterprises or private enterprises.

To facilitate the transition from the contract system to the share system, several conditions are needed. First,

we should establish independent organs responsible for administering the state-owned property, and profitable operational companies dealing with the state-owned property. On the basis of general checkups on fixed assets, all the assets of the existing state-operated enterprises should be turned into shares of the operating companies dealing with the state-owned property. The companies will appoint shareholder representatives. Enterprises will turn over their dividends to the operational companies dealing with the state-owned property. The operational companies dealing with the state-owned property are enterprises rather than government organs. They are one of the shareholders of the relevant enterprises. Since they are no longer the higher authorities of enterprises, they have no right to interfere in the business operational activities of enterprises. Second, an administrative system of keeping separate accounts should be implemented. The property of enterprises resulting from the retention of profits should be turned into shares collectively held by laborers. Some enterprises have reinvested the profits they have retained in expanded reproduction since the 3d Plenary Session of the 11th CPC Central Committee. This has produced property collectively owned by laborers of the enterprises concerned. When the share system is followed, the collective shares of laborers should be retroactive to the day when the collective property of laborers was produced. Third, measures must be taken to separate taxes from profits. The profit tax rate should be lowered in a unified way. New contracts can only be concluded after enterprises have paid their taxes, with the exception of a small number of enterprises approved by the state. Enterprises are allowed to pay back bank loans after paying taxes. Fourth, on the basis of concluding contracts, or mortgage contracts involving all members of enterprises, workers and staff members of enterprises must be encouraged to become shareholders. During the initial stage of the implementation of the share system, individuals should be allowed to enter their names on their shares. When individual workers or staff members are transferred to other units, or die, they are allowed to withdraw their shares. After retirement, workers and staff members can continue to draw their dividends.

Some comrades worry about the possibility that the implementation of the share system will negate the state-owned system. We mentioned earlier that the state-owned system conflicts with socialist commodity economy. There is no doubt that to develop socialist commodity economy, we should reform the state-owned system. However, reforming the state-owned system does not mean negating it. Our purpose in reforming the state-owned system is to change the situation in which the state-owned enterprises monopolize everything. The state can wholly own some enterprises, control the shares of some enterprises, or become a shareholder in some enterprises. Even if the state becomes the sole shareholder of certain enterprises, the shares can be divided

into those held by central government, provincial government, prefectural government, and county government. Joint-stock companies can also be established which consist of several state-operated enterprises, state-owned banks, state-owned social insurance funds, social public organizations, and so on. With the completion of the reform, as far as enterprises are concerned, they will be no longer be run purely with state capital. However, judged from the angle of society as a whole, we know that the state-owned system still controls the economic lifelines of our country. Nevertheless, the forms of control have been changed, and the state no longer meddles in parts of the work which have nothing to do with it.

Other comrades also worry that the existence of shares in state-owned enterprises collectively held by laborers runs counter to the principle that a joint-stock company is not allowed to hold its own shares. It will also give rise to the possibility that the shares collectively held by laborers in enterprises will keep on increasing. In the end, the state-owned system will be turned into the enterprise-owned system. This will cause a "conflict between the socialization of production and enterprise-owned means of production," which will be harmful to the development of productive forces. We believe that the shares collectively held by laborers are the incomes derived under the condition that all means of production in enterprises are owned by the state, and that laborers are only operators of the means of production. The shares collectively owned by laborers belong to the collective, rather than to individuals. The enterprises in which shares collectively held by laborers exist are new joint-stock companies. This means the abolition of enterprises solely run with state capital. Therefore, no problem of enterprises holding their own shares exists. Some enterprises of such share system will develop themselves into enterprise-owned companies. But not all of them will do so, because this kind of change does not mean a laissez-faire process, and the state can take the initiative to regulate the process. With regard to enterprises which must be controlled by the state, the operational companies dealing with the state-owned property can constantly turn the dividends into state-owned shares. They can also invest new capital in the enterprises so that the state-owned shares occupy a dominant position. With regard to some general enterprises which do not need the control of the state, the former form of shares can be maintained. As far as those enterprises which do not require the involvement of the state are concerned, they can be transferred to other units with compensation. The operational companies dealing with state-owned property can withdraw all the state capital from the enterprises. After changes over a certain period of time, in some enterprises the shares collectively held by laborers will occupy a dominant position, or will wholly own the enterprises. In accordance with the demands of economic development, if the state intends to regain control of these enterprises, it may reinvest capital in them to produce new state-owned shares. This regulating function of the state is beneficial to enlivening state capital. It also provides a new

and forceful means for readjusting the production setup. Even if these enterprises eventually follow the enterprise-owned system, they will not cause a "conflict between the socialization of production and enterprise-owned means of production" because these enterprises are operating a under socialist public ownership system, rather than under a capitalist private system.

Some comrades maintain that to pursue a share system, we should have a stock market, that there should be open buying and selling of stocks. Otherwise, it cannot called a share system. The existence of a stock market will inevitably give rise to speculation. A profiteering class will also emerge because of this. To pursue a share system, we inevitably need a stock market. This is an important problem which should be solved with the implementation of the share system. However, due to the fact that we need longer to develop our share system, in the initial period we can issue shares within enterprises on which the names of the shareholders are entered, but such shares will not be listed. As designed by some enterprises, the prices of shares can rise and fall. When the profits of the enterprises concerned increase, their share prices go up (the actual value of the shares is higher than their face value). When enterprises suffer business losses, their share prices might drop (the actual value of the shares is lower than their face value). Some enterprises may list their shares on a trial basis. With the further development of the share system, the shares of a fairly great number of enterprises will be openly bought and sold on the stock market. The rise and fall of share prices reflects the business management of enterprises. More and more people will become shareholders. However, there will also be quite a number of enterprises which do not list their shares on the stock market. This is also the case with developed capitalist countries. When shares can be openly bought and sold on the market, there will be speculators. However, due to the fact that the state-owned shares are controlled by the operational companies dealing with the state-owned property, that they are not listed on the market, and that the state can exercise control over the stock market, no serious problems will occur. In the meantime, due to the fact that the buyers and sellers of shares are basically socialist enterprises and laborers, it is unlikely that a profiteering class will emerge. With the changes in the distribution system within enterprises, distribution according to shares of capital will become an important factor in addition to distribution according to work.

From the above analysis, we know that the implementation of the share system in our country is not a matter of the remote future. The existing contract system is breeding the share system. The experiments we have made with the share system have also shown that in theory and in practice there is no insuperable obstacle to the implementation of the share system. On the basis of deepening and developing the contract system, we should actively create conditions to promote the development of the share system.



**The Emergence of Middle-Aged and Young Academic Associations—an Interview With Jin Guantao**

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[Article by QIUSHI reporters Liu Wei 0491 0025 and Yu Jianzhang 0205 1696 4545—first paragraph is editor's note]

[Text] [Editor's Note] Jin Guantao [6855 6034 3447] was born in 1947. In 1970, he was graduated from the Department of Chemistry of Beijing University. At present he is a research member of the Academy of Sciences of China, in charge of the office on science and philosophy of the Research Institute on Scientific and Technological Policy and Management Science, head of the editorial department on "information services on natural dialectical method" and chief-editor of the serial of books entitled "Walk Toward the Future." The sphere of his research embraces the natural dialectical method, history of science, scientific philosophy and history. His principal productions include "Prosperity and Crisis," "Collections of Problems and Methods," "Philosophy in its Whole Composition," and "Human Philosophy."

Reporter: By the end of this year, 10 years will have passed since the convention of the 3d Plenary Session of the 11th CPC Central Committee. In these 10 years, many great changes have occurred in the realm of ideology in China. One of them is the appearance of an academic association with middle-aged and young intellectual elements as the principal components. "Middle-aged and young" has become a special term used to refer to this association. At least people can still remember that in 1979 at the convention of the conference on discussion of ideological guidelines, some comrades attending the conference lamented the lack or shortage of young theoretical workers. They hoped that at the next conference there would appear a larger number of superior middle-aged and young scholars. Now, nearly 10 years have passed, a large number of middle-aged and young intellectual elements have not failed the hopes of the party and the people nor the hopes of the older generation of Marxist theoretical workers and have grown up to become persons in the theoretical circles who have caught the attention of entire society. Being a successful middle-aged scholar among those who have grown up in the past 10 years, what are your views on this phenomenon of the emergence of the middle-aged and young scholars?

Jin: The emergence of middle-aged and young academic associations may be said to have been the greatest change in our country's academic circles in the last 10 years, and one of the largest accomplishments. In the retrospect of the passage of the last 10 years, it is not difficult for us to discover that be it in such traditional branches of learning as philosophy, history and economics or in the newly developed branches of learning such as sociology, political studies and scientific philosophy, a large number of

capable middle-aged and young people are actively engaged in these fields. I believe that this phenomenon is by no means accidental. Its appearance has a big historical background which was that the 10 years of turmoil have caused an enormous cleavage in the academic development in our country. After the 3d Plenary Session of the 11th CPC Central Committee, the history of our country has entered a new stage of great re-thinking and great development. The era has called upon new people to fulfill this great historical task. Hence, the emergence in these 10 years of the middle-aged and young academic associations has taken place as the times required.

If we push this historical retrospect to an even earlier period, we can discover that the current ever-changing thought waves and the appearance of a new era of scholarly associations have been part and parcel of the Chinese people's, in the past 100 years and more, surging forward with great momentum for modernization. Beginning in 1840, eastern and western civilizations began a historical clash that continues today. The violent clashes, and merges, between the eastern and western civilizations have produced one generation after another of intellectual elements of different types. According to some people's research, in these 100 years or more, the intellectual elements may be divided into 4 generations. The first generation comprised an association lying in the middle between China's traditional civilization and western civilization. For example, by the end of the 19th century persons like Kong Yuwei, Liang Chizhao and Yen Fu first of all felt the challenge to China's traditional civilization and begun to ponder over China's way out. The second generation comprised the associations of intellectual elements who appeared in the next surge of the cultural waves and who held different views. For example, in the May 4th period some people advocated a full-scale westernization, some insisted on maintenance of the old traditions while a portion of the people accepted Marxism. The appearance of this generation of intellectual elements represented the different kinds of fruits borne by the merging of the western and eastern civilizations and implied the further deepening and hopes of the historical re-thinking of the Chinese civilization. The third generation comprised the intellectual elements trained and brought up in the 1950's and the middle-aged and young academic associations emerging in the recent 10 years should be considered as the intellectual elements of the 4th generation. Some people have expressed the belief that the intellectual elements of the 4th generation, compared with the 3d generation, were more liberal in their thinking, had suffered less from the influence of doctrinairism and are bearing a mission of cultural creation same as (and even heavier) than that of the intellectual elements of the 1st and 2d generations. Naturally, whether or not this demarcation is correct needs to be further studied and examined. Nevertheless, the appearance of middle-aged and young academic associations in current China has undoubtedly followed the needs of historical development.



At present China's main tasks are reform and opening to the outside. In my opinion, reform and opening to the outside imply the formation of a new and modern social structure and hence there is need for a generation of people to create a new culture that is suited to the times. At the moment, an increasing number of Marxist theorists have come to realize that we are facing many problems never met before in the Marxist classics. Thus it is necessary to start from China's realities to creatively develop Marxism and employ new theories to explain and guide the new practices. In recent years, China's intellectual elements, particularly the middle-aged and young ones, have achieved many successes in the structuring of new theories. For example, in economics, political studies, historical sociology and scientific philosophy, many middle-aged people and youths have contributed useful research and, compared with 10 years ago, many accomplishments may be said to have been made. This is an important reason why middle-aged and young intellectual elements have generally won social esteem.

Reporter: Can it be said that there are several important factors for the ability of the middle-aged and young intellectual elements to combine China's realities in the development of Marxism and thus attract society's attention? For example, the creative wishes of the young people are relatively strong, they have suffered less from the restrictions of departmental and regional regulations, and are glad to accept new ideas. In addition, this generation of intellectual elements mostly have had experiences in the rural villages, factories and armed forces and have personally suffered from the experiences of the wrong interpretations of Marxism or the evil results led by the doctrinairing of Marxism.

Jin: I believe that we must view the creations of this generation of China's intellectual elements and the mission on their shoulders from the world trend and the height of the scientific and cultural development of entire mankind. This is because China's modernization is not only to catch up with the world's advanced level but also, simultaneously with getting rid of poverty, to make contributions to the creation of mankind's new culture. In the second half of the 20th century the development of mankind's culture probably has two special features. One special feature is that rationalism will meet with a crisis and the philosophers will generally feel the problems brought along by industrial civilization which reflect the loss of the West's classical and idealistic spirit of optimism. The deeply-impressed philosophers of the world will all begin to wonder what direction mankind's culture will take in the 21st century. In this connection, the crisis in China's culture will become all the more deepened, but the re-thinking in China's culture is a portion of the way out sought by mankind. The second special features is the scientific and technological revolution. When current world's sciences, technology and degree of socialization have far surpassed the past era, this will naturally give rise to the problem of the

consolidation of science and culture. Facing this situation, China needs the creation of a new culture, be it for the sake of finding the way out for itself or facing the challenge confronting the culture of entire mankind. All this will require the new generation of scholars to take the last fruits of mankind's culture in the current era as the "reference mirror" for the cultural development of our race. For this reason, and in order to shoulder the burden of this work, it is necessary to generate an academic association which possesses true ideological liberation, embraces farsightedness for the whole world and in conversant in both "literature" and "science." In this connection, our middle-aged and young intellectual elements have already done much work, in such respects as the translation and introduction of western learning and culture, employment of new scientific methods in research or the opening up of new scientific areas. The successes scored now by China's middle-aged and young theoretical workers are unprecedented since the establishment of the PRC.

Naturally, the several factors which you have mentioned are also in existence. We still can remember that after the 3d Plenary Session of the 11th CPC Central Committee, in comparison, the "emergence" of the middle-aged and young scholars in the economic circles was relatively earlier. Among this portion of comrades the great majority had worked in the countryside, or enrolled in the production teams or served as workers. They had an intimate understanding of China's economic backwardness, particularly the regression in the rural areas. Experiences of this kind have caused them to acquire a comparatively early concern with the problem of China's economic reform.

Reporter: From what you have just said, we seem to have acquired such an impression: Can we not acknowledge that in recent times our academic circles have passed through two large development periods? One was the May 4 era and the other was the 10 years since the 3d Plenary Session of the 11th CPC Central Committee? These two eras had many different points but one point was alike: The rather great role played in them by the middle-aged and young people. In the May 4 period, although there were such elder scholars as Wu and Yu who advocated the overthrow of the Confucian school and the establishment of a new culture, yet a much more important role was played by such middle-aged and young people like Chen Duxiu, Li Dazhao, Qian Xundong and Hu Shi. After 1978, the middle-aged and young people also played an important role in the development of our country's philosophy, economics, law, sociology, political studies and history. This being the case, what is your assessment of these two generations of people?

Jin: People have often said: The Chinese are a people who have lived in history. The most interesting features in China's social phenomena are: At times history was surprisingly alike. If we compare China's current period with the May 4 period, definitely there is some likeness between them. But in my opinion, so far as a race of

people is concerned the second awakening leaves a deeper impression than the first time, but will meet with greater difficulties in creation and actions. As for these two generations of people, I believe that in these 10 years history has already made its assessment of the elder generation but regarding the new generation the curtain has just been pulled open and their position in China's new culture will be determined by how far they can period and what kind of work, of good principles, they can really perform. In reality, with reference to many kinds of work commentation currently by society and commentation subsequently by history, they are different from each other. And in my opinion the passing of time provides the best judgement! Regarding now the middle-aged and young scholars, all we can say is that the history of the Chinese people will place great hopes on them but now it is still too early to pass any judgement on them.

Reporter: In our country, people customarily divide people into the "elderly, middle aged, and young," how do you view the role of these three groups of people in China's current academic development and their influences on future academic development?

Jin: I have never advocated the method of the simple use of ages to demarcate scholars and the schools of thought, because the search for science and truth has nothing to do with age. Generally speaking, people of different times have their different missions, and the differences in mission cannot determine which association is better than the others. But due to the defects of China's traditional culture, sometimes certain elderly scholars, because of holding to conservative ideas, may stand on the opposing side of the younger generation. Just as a certain noted Taiwan scholar has said: "The legacy that the older generation of people has left to the younger generation is a tripping stone that must be removed." In my supposition, from now on in China's cultural creations efforts must be devoted to eliminating these defects of a historical nature, so that the "elderly, middle-aged and young" can truly stand together and struggle to achieve renovation and the truth. In reality, the creation of culture has a hereditary character. Just as Newton said: He could see farther than other people because he stood on a giant's shoulder. I between that this should be the correct relation between the young scholars and the elder generation of scholars.

Reporter: If we turn to the mission of "succeeding the past and opening up the future" to measure the new generation of intellectual elements, do you think that the current middle-aged and young academic associations can take up the burden of their mission? Or, shall we say, do they have any weak points?

Jin: According to my observation, the principal weak points of the middle-aged and young academic associations are the following: First, many of the scholars today do not have a strong enough feeling with respect to our being today situated in a big era of the "passing of the old

culture and the birth of a new one." This historic shortsightedness on their part has caused them to lack a warm enthusiasm for creating the new. In the course of Soviet Union's modernization a large number of ideologists appeared including Belinsky, Chenisovsky and others while during the May 4 period in China we had large number of prominent personages such as Chen Duxiu, Li Dazhao and Hu Shi. Why is it that among our middle-aged and young intellectual elements at present more personages have not appeared who can command influences of a national and international nature? Second, I believe that there is the weak point of too rigid a demarcation between the courses of study and between the specialities. This may be called "shortsightedness in specialities." In my opinion, although specialization brings about deepening and going into details in research and performs certain basic work for more creations in culture, yet if the scholars are not cautious enough specialization may bring them a "sense of craftsmanship" and make them lose the fresh feeling for discovering new ideas. This is greatly disadvantageous to cultural creations. Therefore now we should advocate the communication between the different sources of study and the communication and combination of arts and sciences. The third weak point which I think should be brought to the attention of whole society concerns the defects of the current educational system. In the 10 years since smashing the "gang of four," although normal education has been restored, there has been little departure from the past educational practices of full pouring into the mind and advocating the students to remember and repeat the lessons by heart. I can cite an instance as follows. Recently many TV stations, newspapers and periodical have shown a great enthusiasm in staging intelligence competitions. The central point of these competitions is not to enliven the students' creative spirit but to find out who can remember and repeat the most and who acts the most like an electronic computer. Moreover, in our educational system, the demarcation line between the courses of study is too clear-cut and rigid with the result that many of the students or graduates know nothing, or very little, of other courses outside of their major courses of study. The line of thought is thus not wide open.

Reporter: In addition, speaking from the angle of academic longterm development, do you not feel that there is still another problem and this is that certain middle-aged and young intellectual elements are too much tending to seeking quick successes and profits?

Jin: Today, the biggest clash against scholastic and cultural research, particularly with reference to basic theoretical research, is probably the tide of the "whole people going business-wise." If the state continues to fail to adopt appropriate measures to truly protect and provide conditions for those basic researches embodying a longterm significance, people's actions and targets may become increasingly short-term and may even face a "frozen period" in the courses of study and in culture. Naturally, speaking about the the creation of a new

culture, the test of a frigid temperature is not necessarily a bad thing, but the state should establish a rational academic evaluation system and an award and encouragement system.

Reporter: Now this large number of middle-aged and young theoretical workers are called an "academic association." Do they have any common things in their line of thought and system of wording and theories?

Jin: I believe that there are common points. This was most obviously manifested in a previous period. But I also want to point out that following the passing of time, these common points are gradually weakened. Several years ago, the main tasks which the intellectual elements confronted were the emancipation from ossified doctrinairism and re-thinking of the "great cultural revolution" and even occurrences which had happened even earlier. Self-emancipation and re-thinking made them closely joined together. At present there are naturally many common points and among them is the challenge between Chinese culture and Marxism. However, following the deepening of the thought emancipation movement, divergencies naturally have appeared, and a situation of contention among 100 scholls of thought and pluralism has gradually developed. In spite of this, the establishment of common objectives and standards is still a task which cannot be delayed by the intellectual elements. In my opinion, among China's scholastic circles and cultural studies, this new common character is not an identity in viewpoints but is the setting up of a pluralistic opening up trend and a scientific compromising spirit. I have enjoyed coming across a slogan well-known by the western people: "We agree to disagree" (general meaning: "We enjoy having an environment of different views.") Expressing agreement with the different views held by other people not only is a sort of cultural breadth of vision but also a sort of conscious scientific spirit. This is because only science can truly understand and interpret the co-existence, disputes and reciprocal criticisms of different schools and different viewpoints and it is science that is so important to understanding truth and so cannot be without. In China's culture, it is not at all difficult to reach the stage of loving truth and it is only difficult to warmly love the atmosphere and cultural standard in which truth can be discovered.

Reporter: You have been to such places like the United States and Hong Kong to give lectures there. Regarding the scholars overseas whom you have met with, what are their views concerning this generation of middle-aged and young intellectual elements in mainland China?

Jin: They seemed to have placed a relatively important stress on two points: One is their praise of the middle-aged and young intellectual elements in mainland China actively carrying out the translation and analysis of western culture. In their belief this could place on a higher footing China's academic development and could develop China's own culture to the high peak of current

world cultural development. The other is their praise of the coordinated research on natural sciences and social sciences done by mainland China's middle-aged and young intellectual elements. Take for example the introduction into the research on the humanities, theory of system, theory of control and theory of information and intelligence; this is still relatively seldom seen in the academic circles abroad. Even in certain developed countries, the combination of research on the natural and social sciences and research on their combination with culture, that is the problem of the entity of sciences, has not been solved well. Hence, this point has received even their greater attention.

Reporter: Finally, will you please introduce the condition of the publication of the book series on "walking Toward the Future" and the future plans?

Jin: This book series began in 1983. Up to now the Sichuan People's Publishing House has published 5 editions in 74 categories, averaging a publication of 100,000 volumes in each category. At that time one of the thoughts behind their publication was to provide a theoretical field and background for those ambitious middle-aged and young scholars so that there would be more people who could comprehend the problems that middle-aged and young scholars were thinking about. As we see it now, this objective has been basically achieved. From now on, we still plan to continue the efforts in this direction so that we may make greater contributions to the emergence and development of the middle-aged and young scholars.

**Reflections in the Great Tide of Reforms—Marx's Socialist Theory and Contemporary Socialist Practice**

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[Article by Zhang Shigu 1728 1709 6253 of Central Party School]

[Text] The irresistible surging tide of socialist reform is now sweeping across the vast land from the Adriatic Sea to the coast of the East China Sea, reflecting a general trend of our times, a trend of changing from traditional socialism into modern socialism. As a demand of the new tide and trend, scientific socialism cannot stay where it is, but must stride along.

As everyone knows, Marx and Engels repeatedly and solemnly announced that they never tried to make unreasonable conjectures on the new, future society. However, in their works, there are actually some theoretical legacies on the new society. How should we deal with these theoretical legacies? What are the lessons we should heed in dealing with these theoretical legacies since scientific socialism was developed from theory to reality early in this century? To make a further study of

these two questions will not only be significant in the history of development of Marxism but will also be important to promoting socialist reform and construction.

#### **Differences: Comparison Between Two Kinds of Socialism**

In Marx's theory of communist society, his thesis on "the first stage of communist society" and on several stages of communism with different levels of economic development and the development of the laborers themselves, has the most profound influence on later generations. It is still a "hot spot" attracting people's attention at present. The general idea of Marx on the evolution of human society after the collapse of capitalism is: There is a revolutionary and transformation period between capitalism and communism and a corresponding period of political transition; after the transitional period it is the first stage of communism; and only after that is it possible to enter a "higher stage of communist society."

What is the first stage of communism like? Marx believed that a decisive economic feature of this stage is that all means of production are directly owned by society, no forms of ownership by groups or individuals exist. All other features of this stage emerge from and are decided by, this unitary and pure ownership. In the structure of society established on the basis of this ownership, all economic units have the same interests and no intermediate links or media are needed to make the laborers directly related to the means of production. From the very beginning, labor is a kind of direct social labor, and the private ownership of products and the dual nature of labor (social and private) are eliminated. Therefore, commodity, money, value, and price are all excluded in the socioeconomic operations. They are regulated and managed by a social center conscientiously and in a planned way. In this stage, there are no class differences but only the differences in personal ability and talent. All people are laborers, and no one can offer any other thing except labor. Therefore, as in the distribution of consumer goods to individuals, the principle of same amount of labor receiving the same amount of products, or the principle of "distribution according to work," is implemented; the political state of the proletarian dictatorship, which is an instrument of violence of the ruling class, will not continue to exist because it has fulfilled its historical mission. However, its social functions in the management of economic and cultural affairs and other public undertakings will be preserved.

Marx's thesis on different stages of communism and its first stage is unassailable in logic. However, there is a gap and some differences between this thesis and the realities in the socialist countries since early this century, especially the current practice of reform in these countries.

The main differences are as follows:

First, the difference in the structure of the means of production. None of the ownerships of all socialist

countries at present is a unitary and pure public ownership suitable for all fields of society. In these countries, two kinds of public ownership coexist and various economic sectors are developing at the same time with public ownership as the main body. Judging from China's situation at present and in a rather long period to come, the developed and developing economic sectors include: The economy under the ownership by the whole people, the urban and rural cooperative economy, the individual economy, the privately-owned economy, as well as Sino-foreign joint ventures, Sino-foreign contracted joint ventures, and wholly foreign-owned enterprises. The public sector of the economy, especially the state-owned enterprise, is also changing into a multi-sector economy. It reflects the complexity of socialist ownership in a certain stage. The traditional concept on the incompatibility of public and private ownership and the idea regarding socialism as a society with a pure and unitary public ownership are thus changed.

Second, the difference in the pattern of economic operations. At present, all socialist countries are carrying out reforms of their highly-centralized planning and management structures, promoting the development of commodity production and exchange in varying degrees, and making use all kinds of economic levers and market mechanisms which are closely related with commodity and money. In our country, a situation has appeared in which the public sector and the private sector of the commodity economy are coexisting and both methods of planned regulation and market regulation are being used. Conditions are being created to gradually realize the structure of "state regulating the market and market guiding the enterprises." This is a new pattern of economic operation under socialism, which is based on the theory of planned commodity economy. Breaking with the traditional concept setting socialism against the commodity economy and planned management against market regulation, it reflects the demand of the development of socialized mass production under socialist public ownership.

Third, the difference in the way of distribution of the means of subsistence. At present, in the distribution of the means of subsistence, no socialist country is adopting a unified and complete way of distribution according to work, which takes the elimination of social possession of the means of production and the commodity-money relationship as its prerequisite. The main pattern is the coexistence of the system of distribution according to work and other forms of distribution, with the former as the main body. In China, apart from the main system of distribution according to work, the other forms of distribution include the earnings of individual laborers, the income of contractors and lessees and indemnity for their risks, the interest, dividend, bonus, rent, and other income obtained from investment and property, the income from channels other than labor with an exploitation nature, and so forth. With multiple forms of distribution being implemented, the defects in the history of socialist system, such as the supply system and

egalitarianism, which is characterized by "everybody eating from the same big pot," have begun to be changed, and the people's enthusiasm in building our new society has been raised.

Fourth, the difference in social class situation. In some socialist countries, with the establishment of the socialist system, the exploiting class has been eliminated as a class and class contradiction is not the main contradiction in society. However, there are still class differences, and class struggle still exists in certain spheres, which may become acute under certain circumstances. In our country, apart from workers, peasants, and intellectuals, who form the main social strata, there are also individual laborers and small industrialists and businessmen. Moreover, there will also be some new changes in the class structure and class relations in the special economic zones and coastal open cities and areas and after realizing "one country, two systems." The situation tells us that it is unrealistic to hold that socialism is a society in which classes and class struggle have been completely eliminated. It also tells us that we should not attach too much attention to class struggle, which only exists in certain spheres, and have our determination shaken in building socialist modernization.

Fifth, due to the above-mentioned reasons, in the historical period of socialism, the proletarian dictatorship (or the people's democratic dictatorship in our country) should be adhered to rather than be weakened. But what merits our attention is that after the transitional period, after the establishment of the socialist system, great changes have taken place in the historical tasks and functions of the proletarian dictatorship. These changes include the relative narrowing of the range of dictatorship and gradual expanding of the range of democracy and the fact that the functions of the state of proletarian dictatorship in carrying out class struggle and exercising dictatorship have become less important while those functions in leading and managing economic and cultural construction and other social and public affairs have been put in the first place. In other words, the main task of the state has been changed from emancipating the productive forces through class struggle into protecting and developing the productive forces through leading and organizing economic and cultural construction and harmonizing social relations. By listing the above-mentioned differences, we want to explain the reason why we should make a distinction between the first stage of communism envisaged by the founders of Marxism and modern socialism in reality. This is socialism in two different development stages. Only through our long-term efforts can we reach the level and goal of the first stage of communism envisaged by Marx. If we pay no attention to this difference and take what Marx envisaged as the starting point of real socialism or the objective at the current stage, we will inevitably commit the mistakes of dogmatism and utopianism.

### **Sources: Conditions and Methods for the Founding of the Theory of Scientific Socialism**

Why are there great differences between Marxist theory and the realities in modern socialist countries? This is quite a perplexing question. In my opinion, it is not correct to affirm or negate either the former or the latter recklessly and in an oversimplified way. The correct attitude is to study the conditions and factors leading to those differences so that both can be better connected and so that we can gain a scientific understanding of the unity of theory and reality. In this connection, it is first necessary to acquire a clear understanding of the conditions and methods for the emergence of the theory of scientific socialism and its specific characteristics, such as its characteristics of forecasting and presumptions and its typicalness and generality.

First, the starting point of Marx's vision was the full development of industry, socialized mass production, and the commodity economy under the condition of capitalism. Marx took modern industry and socialized mass production as a "real basis of the new society" or "the primary condition for the emergence of the new society." He held that the new social system was a more developed social formation than capitalism either in material production or in spiritual production. But most of the existing socialist countries were undeveloped or underdeveloped capitalist countries in the past. Their productive forces were not well developed and the degree of commercialization, socialization, and modernization of production was rather low. However, due to special historical conditions and various other factors, the socialist system was established there through socialist revolution. Thus, the basic principles for the new society envisaged by Marx cannot be realized in these countries. This is easy to understand.

Second, Marx's socialist theory is not a summary or summation of the practical experiences of building socialism. It is not a description of a social formation in history. Except for the short-term Paris Commune, Marx did not witness the victory of the proletarian revolution during his lifetime, nor did he personally take part in the practice of socialist construction. He could only make some predictions and inferences on the future society. That is why he often used "subjunctive mood" when describing the society. Marx's envisagement is based on certain facts and logical analyses and is scientific and highly valuable. But without being examined by socialist practice, it is certainly unable to entirely conform to reality, and defects are unavoidable. Unlike Marx in the 19th century, people who are engaging in socialist construction today are also duty-bound to make continuous efforts to deepen their understanding of the objective law of socialism and sum up new and scientific theories in light of the living reality and by absorbing the practical experiences created by millions upon millions of people.

Third, the historical mission of Marx, who was founder of scientific socialism, was not to design concrete blueprints for the building of a new society in various countries with different levels of capitalist development, but merely to bring to light some general laws governing the development of the future society through analyzing the historical facts and development trends of the capitalist society. There are great differences between the general laws and the colorful and changing reality. Lenin said: "Laws only refer to typical things, or the 'ideal things' once mentioned by Marx." ("Selected Works of Lenin," Vol 3, p 625) Therefore, our task is to combine the general laws and universal principles revealed by Marxism with the real situation of our country and find a realistic way to build socialism.

Fourth, the formation of all theories is a course of making judgments and inferences by means of concepts and a course of analyzing and synthesizing things through abstraction. When making an inference on the future society, Marx made a full use of the method of scientific abstraction. This method has two characteristics: 1. It requires that the non-essential, concrete, and accidental phenomena be discarded in the study of the complicated object so that we can find the essential and inevitable things. 2. It requires that we take the fully developed or typical reality as our reference so that we can find out generality from particularity. When making an analysis of the capitalist mode of production, in order to analyze the pure formation of capitalism, Marx discarded all those non-capitalist factors, such as private ownership based on individual labor and small production, and the international conditions. Just as Marx said: "We presume in theory that the law governing the capitalist mode of production is developing in a pure form, but there can only be approximation in reality." ("Collected Works of Marx and Engels," Vol 25, pp 195-196) As Marx was assessing the characteristics of the future society on the basis of pure capitalism, the new society too, can only exist in a pure form. This method of abstraction is a reasonable and scientific method in theory. The basic conclusions drawn by this method are of extensive and far-reaching value. However, the concrete and non-typical factors discarded by this method are existing in varying degrees and playing their due roles in real life. Thus, it is unavoidable that there is a great gap between the conclusions drawn by this method and the reality. We cannot negate the scientific theory because of this gap, nor can we regard it as a ready formula and directly apply it in real life. Our correct attitude should be: Combine it with the practice of transformation and social movement, which are changing with each passing day, make it more concrete and more applicable, and find out a series of concrete conditions and intermediate links as well as workable plans for applying the scientific principles in real life. This is what the founders of Marxism wished to see.

#### **Retrospection: Review of Historical Lessons**

Marx's socialist theory has become reality in some countries since the Russian October Revolution. This is

a fact known to all, and I am not going to make further explanations on this. But I want to discuss another question, that is, what are the experiences and lessons people have learned in the course of applying the theory of scientific socialism in socialist construction? In this regard, many problems will be involved, but I only want to go into the question of how to understand socialist society correctly.

First, it is necessary to affirm the independent character of socialist society.

Even to this day, the question of whether socialism is an independent social stage or a transitional formation without its own basis has still not been affirmed and well expounded in theory. Originally, practice has long since demanded theory to admit the independent and stable characters of socialist society. However, people have always taken a sceptical attitude toward this question. On the contrary, they have substituted the concepts such as "the day socialism is established is the day to start transition toward communism" and "the day socialism is built is the day communism has come" for real Marxism.

"There is only a difference in the degree of maturity between socialism and communism." This is a traditional viewpoint that should be restudied now. According to this viewpoint, socialism and communism are two stages of the same society. However, if we go deeper into the question, it is not difficult for us to find out that there are great differences, or essential differences, between socialism and communism on some major characteristics. The development from socialism to communism is not merely a quantitative accumulation and transformation but a qualitative leap from old to new. Both societies are the same in adopting public ownership of the means of production and in abolishing the exploiting system, but as we all know, socialism has its specific economic and political structures and mechanism for social development. Its public ownership is also very different from that of communism in respect of range, degree, content, and form. The key problem here is that we should not talk about ownership in abstract terms without mentioning the productive forces. Otherwise we will lose our objective standards for observing things and fall into ideological and theoretical confusion.

By affirming the independent character of the socialist society, we mean to point out that the establishment of the socialist system symbolizes the end of the transitional period and beginning of a special historical period of consolidating, perfecting, and developing socialism. Although in this period we shall create conditions for the realization of communism, we still cannot equate this period with the period of direct transition toward communism. Only when socialism is completed, consolidated and final victory is achieved can we place the transition to communism on the order of the day.

Second, it is necessary to affirm the protracted nature of the socialist society.

It seems that this is a common knowledge that does not require further discussions. Actually it is not so. In a considerably long period beginning from the 1930's when the Soviet Union declared that the socialist system was established there to the emergence of various socialist countries after the World War II, many people held that socialism was a "short period" in the formation of communism, which would be over very soon, and denied its protracted nature. This was always an overwhelming viewpoint.

But it is not correct. For two reasons, socialism will surely be a very long historical course. An internal reason is that the consolidation and development of socialism is closely linked with and inseparable from the modernization of social economy, politics, and cultural life. Socialism without modernization is not scientific socialism. Facts have proved that under special conditions, some countries can take the socialist road before capitalism is fully developed. But the progress of modern civilization based on industrialization and the commercialization and socialization of production is an insurmountable natural historical course of human society. This is an inviolable dialectical law for all nations alike. However, in most socialist countries, the socialist system has been established before modernization is achieved in society. Thus, they are all faced with a great contradiction between the progressive social system and backward civilization. To solve this contradiction, it is necessary to take socialist modernization as our fundamental task, with economic construction as its center. Both theory and practice tell us that the fulfillment of this task requires the strenuous efforts of several generations of people.

For an external reason, as we are in a historical period characterized by the coexistence of both socialist and capitalist systems and, judging from the current situation and looking forward to a considerably long period in the future, the capitalist countries are still more powerful than the newly emerged socialist countries in the relative economic strength, the protracted nature of socialism is obvious to all. It is true that the fact that some countries have achieved the victory of the proletarian revolution and entered the socialist stage before the others is a great leap forward in human history in this century, which has vigorously promoted the progress of socialism in the world. However, so long as international capitalism continues to exist and the strength of socialism is still weaker than the strength of capitalism, we should never talk about the final victory of socialism and the development into communism in advance. The theory that "socialism can be established in a country before the others" should be affirmed, but the slogan that "a country can enter communism before the others" is inconceivable.

Third, it is necessary to affirm the nature of development by stages of the socialist society.

Since the socialist society covers a considerably long historical period, there will naturally be different stages in its development, which are determined by the changes in the main contradictions. However, in the history of various socialist countries, people have followed a tortuous road in understanding this question. How many stages are there in the full course of development of socialist society? This is a new subject for study in the theoretical circles both at home and abroad.

According to the envisagement of Marx, the "first stage" and the "senior stage" of communism are two different stages of the same social formation, which are connected with each other. As the independent character and protracted nature of socialist society were not taken into consideration when putting forth this theory, it was natural that the question of different stages of socialist development was not expounded. It is logically reasonable that since the kind of socialism envisaged by Marx was able to directly transit to communism, there was no need for it to go through a special historical period of socialist construction. For this reason, we cannot find the term of "socialist construction" in all Marx's and Engels's writings. According to their envisagement, once "social transformation" is completed, the society will be able to directly enter communism.

Lenin, however, began to use the new term of "socialist construction." In the works he wrote during his later years, we can find some new formulations such as "initially formed socialism," "developed socialism," and "perfect socialism," as well as "the elementary stage," "the intermediate state," and "the highest stage" of communism. But since these brilliant ideas were just in the embryonic stage and Lenin died too early, they were not fully expounded and proved. Thus, we still cannot be sure whether they refer to the division of stages in socialist development.

Men's recognition is restricted by historical conditions. No one, including Marx and Lenin, can escape from deficiency or mistake in recognition. Only when we proceed from the reality and are bold at breaking with and correcting those judgments and conclusions that have been proved to be incorrect or inapplicable to the changed situation and when we are capable of drawing new principles and conclusions can we make Marxism continue to advance and guide our life. After the death of Lenin, dogmatism, voluntarism, and the trend of making rash advance gradually got the upper hand. As a result, in the guiding ideology, people's understanding of the socialist society and its relationship with communism began to run counter to the logic of life and the scientific spirit of Marxism.

On this question, Stalin was the first to set a precedent. In 1936 (less than 20 years after the October Revolution), Stalin declared in a report entitled "On the Draft



Constitution of the USSR": "Our Soviet society has already, in the main, succeeded in achieving socialism; it has created a socialist system, that is, it has brought about what Marxists in other words call the first, or lower, stage of communism." ("Selected Works of Stalin," Vol 2, p 399) Here, by equating the socialist system established in the Soviet Union at that time with the first stage of communism mentioned by Marx, he committed a serious mistake in theory. Due to this mistake, he confused the establishment of the socialist system with the success of socialism and overestimated the maturity and perfectness of the Soviet society at that time. He regarded the realization of industrialization and elimination of class differences as easy and simple tasks and put forth the task of transition to communism too early. He also held that it was entirely possible for the Soviet Union to realize communism before the other countries. After Stalin died, although Malenkov, Khrushchev, and Brezhnev made certain readjustments of some previous formulations and policies one after another, they all held that the Soviet Union had already achieved complete and final victory in building socialism and had entered a period of carrying out communist construction in an all-round way. They even set a deadline for the "basic completion of building communist society." In 1983, Andropov pointed out for the first time that the Soviet Union was at the starting point of a long historical stage of developed socialism. He also warned people not to "exaggerate the facts when trying to understand the formulation that the Soviet Union is approaching the highest stage of communism." Not until then did the CPSU Central Committee begin to revise its guiding ideology of being overanxious for the transition toward communism. This shows that for as long as more than 40 years, the idea that "socialism means transition to communism" was always in a dominating position in the CPSU leading body and the theoretical circles of the Soviet Union.

Our understanding of this question was even more complicated and confused before the 3d Plenary Session of the 11th CPC Central Committee. In a report in 1954, entitled "On the Draft Constitution of the PRC," Mao Zedong emphasized the protracted nature of socialist construction in our country and put forth an idea of building China into a socialist country within 50 years. However, this correct viewpoint was changed in 1958 during the movement of the "great leap forward" and the people's commune. A slogan of catching up with and surpassing England in 15 years or more was first put forward, which was followed by an announcement of "fulfilling the task of building socialism ahead of time and gradual transition toward communism," saying that the realization of communism in our country was no more a matter for the distant future. The bitter lessons we learned and the difficulties we encountered in the 3 years after the "great leap forward" made us understand better the protracted nature and arduousness of socialist construction. In 1962, at a rally with 7,000 participants, Mao Zedong changed the concept of building socialism within a short period of time and pointed out that we

have to "spend more than 100 years" to promote socialist economic construction. This was a more sober estimate of socialist construction. Originally, this meant a favorable turn in history for setting to right things that had been thrown into disorder. However, since the "leftist" guiding ideology was not fundamentally changed, before the 3d Plenary Session of the 11th CPC Central Committee, not only was the question concerning the different stages of socialist society not correctly settled, but also class struggle was taken as the main contradiction in society. Socialist society was mixed up with the transitional period in which socialist transformation had not yet completed. All this resulted in the serious confusion in the ideological circles.

From this we can see that although the 70 years of socialist construction is but a very short period in human history and much headway has been made in this construction, we have been taught a very profound lesson. Marxism is essentially critical and revolutionary, not only critical to the old world and old concepts but also to itself. Marx once taught people: Unlike the bourgeois revolution, the proletarian revolution "often criticizes itself and often stops in the course of advance to return to the matters that seem to have been completed and do them again from the very beginning; mercilessly, the proletariat often ridicule their unthoroughness, weakness, and improper behavior in their first attempt." ("Selected Works of Marx and Engels," Vol 1, p 607) These remarks of Marx can also be used to sum up the historical course of socialist construction. In the future, people who are building the new world will also continuously "criticizing themselves." This is where we can find hopes for the socialist cause.

**Respect History, Break Away From Dogma—  
Interview With Historian Li Shu**  
*HK0109125088 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese*

[Article By QIUSHI reporters Li Mingsan 2621 2494  
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[Text] Not long ago, Comrade Li Shu, the well-known historian, talked about the relationship between history and reality, the problems of historical study, and the adherence to and development of Marxism, to our reporters.

Reporter: Since the 3d Plenary Session of the 11th CPC Central Committee, historical science has greatly developed and made remarkable progress. However, there are still some people, especially some cadres and young people, who do not attach great importance to history and think that historical science is useless. Even some historical scientific workers have felt it difficult to further their historical study and think that historical science is now suffering a "crisis." What do you think of this phenomenon?



Li Shu: It is wrong to assert that historical science is useless. We all live not only in reality but also in history. This is so, because today's reality will become tomorrow's history. Therefore, it can be said that reality is nothing but history. All the activities carried out by people cannot surpass history and nor can they lag behind the development of history and the times. The theory of the initial stage of socialism put forward by the 13th CPC National Congress is aimed at bringing to light our present historical conditions.

In the past, we once tried to surpass history. However, facts have proved that what we did actually lagged behind the development of history. The reason is that we thought that we had done a good job in building socialism. Therefore, we did not respect the law of historical development and only dreamed about immediately realizing communism. However, things went contrary to our wishes. No matter how "fast" we ran toward communism, we still failed to realize a rapid development of our productive forces. Even worse, we had to shoulder the heavy burden of feudalism for a long time in the past. The "Cultural Revolution," which was said to be aimed at "destroying the old ideas, the old culture, the old customs, and the old habits" and "opposing feudalism, capitalism, and revisionism," on the contrary, gave further play to "feudalism." This shows that realistic restrictions are historical restrictions. Therefore, it is of vital importance to acquire a clear understanding of our present historical conditions. In order to acquire a clear understanding of our present historical conditions, we must understand history. If we do not understand history and do not know how reality is formed, it will be impossible for us to acquire a clear understanding of the historical restrictions on reality (and on the people as well). Many people have failed to understand this point despite the fact that this is true. The fact that some people do not respect history shows that some people have historical restrictions. The putting forward of the theory of the initial stage of socialism is indeed a respect for the law of history. The formulation of the theory of the initial stage of socialism can arouse the sense of reality among the people. Therefore, efforts must be made to educate the young people with historical knowledge to enable them to become citizens with cultural accomplishments.

Reporter: In your view, what has caused the phenomenon of "surpassing" history and lagging behind the times?

Li Shu: The phenomenon of "surpassing" history and lagging behind the times was caused by self-confinement. There is nothing wrong with the principle of "maintaining independence and keeping the initiative in our own hands and self-reliance." However, putting too much stress on the implementation of the principle of "maintaining independence and keeping the initiative in our own hands and self-reliance" in practice actually produced a negative result: Self-confinement. Numerous facts have proved this. Comrade Mao Zedong himself

could not avoid this negative result. In his lifetime, Comrade Mao Zedong only went to the Soviet Union twice, in 1949 and 1957 respectively. He had not been to any other country. Comrade Mao Zedong thought that going abroad or not did not matter too much. As a result, Comrade Mao Zedong only had a limited knowledge of the outside world. This is also an undeniable fact. Communists and Marxists should be most liberal-minded, most sensitive to the new things and new ideologies, and most willing to accept them. However, for a long time in the past, our reaction to new things and new ideologies was very slow. During the 10-year "Cultural Revolution," other countries in the world experienced rapid economic, scientific, and technological development, whereas we closed our door to admire ourselves. Even when our economy was on the brink of collapse, we still thought that our economy had developed very well.

Reporter: What you have talked about is true to the fact. Therefore, efforts must be made to carry out a comprehensive study of the entire situation in our country. There might be some other reasons that have helped to cause the phenomenon of "surpassing history" and lagging behind the times. However, what do you think is the ideological cause for the emergence of the phenomenon of "surpassing" history and lagging behind the times?

Li Shu: Dogmas and rigidity. In the past, in both practical work and theoretical study (including historical study), we often regarded some formulas as classics, thus giving play to dogmatism and pragmatism. During the "Cultural Revolution," Jian Baizan, the well-known Marxist historian, was persecuted to death simply because he had once criticized some erroneous "Left" views. However, he himself was also restricted by the "Left" dogmatism and could not free himself from its yoke. For example, when commenting on how to write a comprehensive history of China, Jian Baizan said: "It is necessary for us to write a comprehensive history of China, in which the broad masses of people are the principal body, the economy is the backbone, and the class struggle is the motive force." This is contrary to the historical view Jian Baizan himself advocated. Originally, Jian Baizan wanted to write a more vivid comprehensive history of China, but restricted by a lot of dogmas, he finally became self-contradictory.

This is something which happened before and during the "Cultural Revolution." What about the present situation? I should say that a lot of non-Marxist views are still regarded as infallible laws. So far, no one has dared to cast doubt on these infallible laws.

For example, the view that "the masses are the creators of history" and the view that "the masses are the masters of history" are still being debated in China. Under the rule of the old system, the masses were exploited and oppressed and were excluded from the stage of history. How can we say that the masses were the masters of the history? If we say that the masses were the masters of the

history, what were the emperors, generals, and premiers of that time? Were the emperors, generals, and premiers of that time the servants of the masses? It is true that the masses once played a role in social development. However, we cannot say that "the masses are the creators of history" or "the masters of history" simply because they once played a role in social development. The dogma that the "people are the creators and masters of history" has been regarded as an infallible law over the past decades. No one has ever tried to conscientiously look into the validity of this dogma. People have just expressed various different views on the dogma. I think that this dogma does not conform with Marxism and I want to remind people that they should free themselves from the influence of this dogma. However, it is not easy to do so!

For many years, we have regarded all histories as the histories of class struggle and believed that this is the universally accepted truth. Over the past decades, we have repeatedly popularized this view, believed that this view is one of the tenets of Marxism, and regarded this view as the theoretical basis on which we explain all historical phenomena. However, if we look at the Chinese version of the "Manifesto of the Communist Party," we will find that the original sentence is: "Until now, all the social histories are the histories of class struggle."

The Chinese version is a bit redundant and does not read smoothly. I suspected that the simplified sentence which reads "all histories are the histories of class struggle" originated from the first Chinese version of the "Manifesto of the Communist Party." Therefore, I looked at the Chinese version translated by Chen Wangdao and found that the original sentence is:

"All the past social histories were the histories of class struggle."

Although the sentence has two translated Chinese versions, it is still different from the simplified sentence we often hear. The simplified sentence, which reads "all histories are the histories of class struggle," has omitted the words "until now" and "social" which specifies the time and the scope of the theory. It is correct and understandable to say that all "the social histories are the histories of class struggle." This is because the slave society, feudal society, and capitalist society are all class societies. Therefore, we can say that all the social histories are the histories of class struggle. However, if we turn "all the social histories" into "all the histories," then scope of class struggle is no longer confined to the social histories but is extended to other histories which cannot actually be called the histories of class struggle because there are no class struggles in those histories. In order to convince people that class struggle exists not only in the social histories but also in other histories, some people have put forward a number of other views, such as the view that "national struggle is in essence class struggle," and some other views. If we restudy these

views now, we will find that these views can hardly hold water. This is because classes will eventually be eliminated but the national struggle will continue. It is hard to say when the national struggle will cease to exist.

From this, we can see that explaining all the histories according to the view that all the histories are the histories of class struggle is not a Marxist practice. It is hard to say how great a disorder has been caused by our past dogmatic explanation of the history. Efforts should be made to end this disorder. However, it is no doubt a difficult task to change the concepts that have been formed in people's minds for several decades.

Reporter: In your view, there is a question of how to correctly understand and apply the Marxist theory of class struggle in our historical study. Can you elaborate on this?

Li Shu: Class struggle in history was not discovered first by Marx, but by some contemporary bourgeois historians, such as Francois Mignet, Francois Guizot, Adolphe Thiers, and so on. These contemporary bourgeois historians believed that at least, from the Middle Ages onwards, European history had been a history of class struggle between the rising bourgeoisie and the feudal aristocrats. Marx went further to believe that all the social histories had been the histories of class struggle but did not think that the class struggle in history had been discovered by himself. Therefore, a further study should be carried out on whether it is correct for us to continue to use the term "Marxist theory of class struggle." Engels repeatedly mentioned Marx's scientific contributions, but did not single out the theory of class struggle as a particular contribution made by Marx. Engels only said that Marx's scientific contributions could be divided into two categories: One is that Marx had discovered historical materialism; And the other is that Marx had discovered surplus value. Probably in his article entitled "Karl Marx," Lenin for the first time stressed that the theory of class struggle is a contribution made by Marx. Later, Lenin's view spread to China and was further developed by more than one person into the theories, such as the class stand, the class viewpoint, the method of class analysis, and so on. To some people, it seems that these theories can represent all the Marxist theories. I think that this question needs to be studied further. When applying the theory of class struggle to our historical study, we must pay attention to the following three points: First, we must clearly understand the original meaning of the theory of class struggle. We should not transform the originally correct view into a dogma by distorting the original meaning of the theory of class struggle and nor should we regard all the histories as the histories of class struggle; second, we must seek truth from facts, otherwise we would sink into the quagmire of subjectivism and turn the complicated and abundant histories into simplified and impoverished histories; and third, we must recognize the dialectics of historical development and write histories on the basis of facts.

Reporter: How should we overcome the rigid ideology governing our historical study?

Li Shu: In order to overcome rigid ideology governing our ideological study, we should first clarify some dogmas to find out where they originated. In my view, the majority of these dogmas have been passed on year after year by the people who have never bothered to look into their origins. The most vivid examples are the dogma of "the masses being the creators of the history" and the dogma of "all histories being the histories of class struggle." More discussions on these views should be held. Through the discussions, people will come to understand that these views are not the Marxist views and therefore should not be regarded as the guiding ideologies. Thus, people will free themselves from the influence of these dogmas. That is quite enough. There is no need to find out who is to blame for the emergence and spread of these dogmas. What we should do is to learn a lesson from our past practice and change our past dogmatic method of thinking. In the past when we carried out a political movement, some people were criticized and repudiated simply because they had violated certain dogmas or bans. For example, some people were criticized or repudiated simply because they "lacked mass viewpoints," or "lacked class analysis," and so on. However, all those dogmas and bans were based on the so called eternal truths or absolute truths (such as the view that "people and masses are the creators of the history" and the view that "all histories are the histories of class struggle"). In order to smash these so called eternal truths or absolute truths, efforts should be made to popularize such a Marxist truth that in the scope of understanding, there is no eternal truth. All truths within the scope of people's understanding are the relative truths which will develop along with the deepening of the people's practice. Practice is the sole criterion for testing truth. Every truth is being tested by practice. Through practice, people will not only discover that some past truths are no longer truths at present but also discover that some present truths are the views which were not recognized as truths in the past. In essence, those who criticized others according to the Marxist dogmas will be criticized by others according to the relative truths of Marxism. This will reduce the harm done to the people.

Reporter: It is necessary to correct the past rigid way of studying and explaining Marxism. However, the present problem is that in society, especially among some young people, Marxism is no longer popular. Some university students do not even know the basic tenets of Marxism.

Li Shu: It is true that some young people are not interested in Marxism. This situation is connected with our dogmatic understanding and popularization of Marxism in the past. In the past, we turned Marxism into various rigid rules. Therefore, it is not surprising that some young people have now begun to feel Marxism is boring. It is also quite natural that young people like to listen to some new theories and follow the new trend. This is the result of our

long-term self-confinement. However, once the young people see more new things and know more new theories, they will no longer be so curious about them. What is important is that we should open up more channels for the young people and provide them with more opportunities. No matter which road one chooses, one's road will only be provided by history. People cannot surpass history just as they cannot surpass their skin. Therefore, it is unrealistic and useless to worry about both the future generations and the past generations.

### **Some Policy Considerations in the Strategy for the Development of the Western Region**

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[Article by Feng Zhijun 7458 0037 3182 of the China Democratic League Central Committee and Zhang Guansheng 1728 0385 3932 of ZHONGZHOU XUEKAN (Zhongzhou Journal)]

[Text] After making two on-the-spot investigations in Gansu, Ningxia, and Qinghai between last May and July, we have formed some preliminary ideas about the policies on the strategy of economic development for the western region. We hope to receive comments on these ideas from various quarters.

## **I**

In his report to the 13th CPC National Congress, Comrade Zhao Ziyang explicitly pointed out: "As far as the geographical distribution of industrial development is concerned, we should make sure that the east coast region, where the economy is comparatively developed, plays its important role. At the same time, we should gradually accelerate the development of the central and western regions of the country, so that the different regions can take advantage of their respective strong points and, by opening up to each other and conducting exchanges on an equal basis, develop a rational regional division of work and regional economic structure. We should continue to give necessary support to minority nationality areas and poverty-stricken areas, make further studies, and formulate policies suited to their realities, in order to help build up their capacity for further development and to promote their economic prosperity." The strategy for economic development of the coastal regions, which has been implemented and will gradually be readjusted and improved in practice, is essentially a complete, comprehensive strategy of overall importance. Since the strategy was put forward, people have closely followed and discussed the question of developing the economy of the central and western regions. This has initially proven its overall importance. We should have a comprehensive understanding of the strategy of economic development for the coastal regions and, while studying how to rapidly develop the eastern region, attach ample importance to the question of developing the economy of the central and western

regions, as well as the question of coordinating with the development of the eastern region. This is precisely what the strategy of economic development for the coastal regions calls for. Especially when we can realistically see the eastern region becoming prosperous sooner than the others, it is even more necessary to profoundly study the practical question of developing the economy of the western region. In our view, while working hard to deepen and coordinate the development of China's reform and opening up and achieve greater capacity for long-term economic development, "consolidating the foundation of the western region" should become a basic line of thought. Its meaning and importance are manifested in the following five aspects:

#### **1. Consolidate the foundation of unity and stability.**

The western region covers a vast area, accounting for over two-thirds of China's total area. It has many factors essential to the national economy. Whether the western region's economy can constantly develop and whether its society can remain stable has an important bearing on whether or not the unstable factors that we are likely to meet in the course of constantly deepening the reform and the open policy will be alleviated and dispelled or intensified and expanded. At present, just as the reform and the open policy are facing great risks and the leadership and the rank and file should join hands to tide over the difficulties, it is very important to stimulate national unity and stability by consolidating the foundation of the western region.

#### **2. Consolidate the foundation of national concord.**

The western region is an important region in our country, where minority nationalities live in compact communities. In addition to people of the Han nationality, over 40 of the nation's 55 ethnic minorities live here, covering about four-fifths of the region's total area. Viewed geographically, economically, politically, nationally, or culturally, the region, consisting of Gansu, Ningxia, and Qinghai, serves as a hub or link for the transition from the hinterland to the border areas in the west. To a large extent, the quality and achievements of our work toward ethnic minorities are manifested here. The nationalities question is, in the final analysis, a question of economic and cultural development. Therefore, promoting the rapid economic and social development of the western region is necessary for China's further reform and opening up, for the vigorous growth of social productive forces, and for ensuring national concord.

#### **3. Consolidate the foundation for the exploitation and utilization of raw materials, fuel, and many other resources.**

The western region is a treasure house of natural resources. Above ground it is rich in hydraulic power, wind power, light energy, and valuable animal and plant resources; underground there are enormous reserves of coal, oil, gas, and many other mineral resources. The

variety of its mineral resources which have been ascertained account for more than 79 percent of the nation's total. It goes without saying that these rich natural resources are of great significance to the long-term development of China's economy.

#### **4. Consolidate the foundation of the region as a link between the hinterland and the border areas.**

The reform and the open policy carried out in recent years have linked up the eastern region with the international market and strengthened the link between our country and the international economic community. With the deepening of the reform and the open policy, it is imperative to open the western region to the outside world, and the question of linking the hinterland with the border areas will naturally be given consideration. The historically famous Silk Road is a thoroughfare or open road which contributed to Sino-foreign economic and cultural exchanges. Viewed in the geographical sense, the western region, which borders on 11 countries, has more than 10,000 km of boundary line, accounting for over two-thirds of the inland boundary line. Some provinces and regions in the western region are situated in the center of Eurasia and the hinterland of Central Asia. These factors account for the important strategic position of the western region. Therefore, reopening the Silk Road and linking up the inland border areas in the west with other parts of China can greatly help invigorate the western region's economy, consolidate national defense, and expand external contact. In fact, the western region has made a useful attempt in this respect and a gratifying situation has emerged in inland border trade. We have ample reason to consider integrating "the east wind" with "opening up to the West" and setting our eyes on a number of Islamic states from Central Asia to the Middle East. In this respect, the western region has better conditions and more access than the coastal areas.

#### **5. Consolidate the foundation of the unimpeded internal circulation in the domestic market.**

To participate in international competition, there must be unimpeded internal circulation in the domestic market. In China, due to various objective factors such as the distribution of natural resources and state investments, the western region naturally serves as a basis to provide the central and eastern regions with raw materials and roughly processed products and as a market for the products intensively or finely processed from the raw materials and roughly processed products. Usually the division of labor among different regions is historically more progressive than the division of work among different trades. It is only logical that the different regions benefit each other and develop together. However, because of the price distortions resulting from some policies, the western region provides the central and eastern regions with low-priced products under mandatory planning and unified state distribution but purchases high-priced products under market regulation. Most of the raw materials, fuel, and primary products

supplied by the western region are goods urgently needed on the international and domestic markets. However, far from attaining the appropriate economic benefits, they suffer losses at both ends. Their economic results are poor and their capacity to develop on their own is weak. The losses suffered by the western region due to the friction of the dual structure demonstrates that our economic relations have not been straightened out. If this phenomenon cannot be fundamentally changed in the near future, it will surely continue to dampen the enthusiasm of the enterprises of the western region for production of raw materials, seriously obstruct the normal operation of the state economic life, and continue to bring excessive economic burdens to the state. Therefore, formulating a rational policy conducive to the development of the productive forces so that the internal circulation of the domestic market can flow freely is an important task in the current reform and opening up. In order to meet the needs of reform and opening up and to develop an export-oriented economy, the eastern region is changing its production setup. This will lead to a temporary gap in a certain link of our internal circulatory system. This is a normal phenomenon. It also offers a good opportunity for the western region to readjust its production setup and expand the domestic market. On the one hand, the gap left by the readjustment of production setup in the eastern region will provide a very good opportunity for the western region to develop some short-cycle, high-yield projects; on the other hand, because the western region has rich natural resources, numerous scientists and technicians, and cheap labor, it is not only capable of seizing this opportunity but also has unique advantages to utilize it.

## II

The general plan for "consolidating the foundation" is only a tentative plan. The eventual realization of this plan takes time. That is to say, "consolidating the foundation" of the western region cannot be accomplished in one move, but should be advanced step by step. This is just like playing weiqi, a game played with black and white pieces on a board of 361 crosses. To have the overall situation in mind, the crucial part is fixing the points [yan wei 4190 0143] and then advancing by step, with escorts in front and behind, until the game is won. In light of on-the-spot investigations and in-depth analyses, we hold that viewed from various conditions such as the reserves and exploitation of natural resources, scientific and technical forces, production capacity, population quality, ideological preparations, and first-phase preparatory work, there are better inherent reasons for taking Gansu, Ningxia, and Qinghai, which are situated in the center of the western region, as an entity in our consideration, and turning it into a multi-nationality economic development region in the upper reaches of the Huang He as a feasible, supplementary measure for the strategy of economic development for the eastern region. With the central authorities instituting a preferential policy toward it, this region can

be turned into a point of breakthrough for the overall development of the great northwest and a pilot project for implementing the regional national autonomy law.

First, viewed from the standpoint of natural resources, the region, which consists of Gansu, Ningxia, and Qinghai, is extraordinarily rich. This is the great advantage of the northwestern region. However, due to such restrictive factors as administrative divisions and certain policies, this advantage has not been brought into full play. If this region can be comprehensively developed as a unified economic region, the growth and economic returns will be much better.

Second, viewed from the standpoint of nationalities, this is a region where many nationalities, chiefly Tibetan, Han, Islamic, and Xianbei, live in compact communities. It serves as a buffer zone between Xinjiang and Tibet, the two autonomous regions of minority nationalities, and the hinterland. It not only has the remarkable features of minority nationalities in terms of economy and culture but are susceptible to the influence of advanced technology and concepts of commodity economy that have gradually developed in the hinterland. If we can use the advantages of the comprehensive development region to successfully solve the question of economic growth, it can undoubtedly promote a complete solution to the question of relatively backward economic and social development in minority nationality areas. It can also accumulate a lot of useful experience.

Third, viewed from the historical angle, due to the existence of many common factors in the fields of economy, culture, geography, and climate, Gansu, Ningxia, and Qinghai have since ancient times belonged to one administrative community. If we can adroitly guide action according to circumstances, utilize their homogeneity and, under the new historical conditions, carry out comprehensive planning and development, it would not only be easy to develop the region more satisfactorily but could also function well in transmitting driving forces from the hinterland to the border regions in the west and reconciling contradictions.

Fourth, viewed from the standpoint of production structure, given the serious shortage of raw materials on the domestic market, Gansu, Ningxia, and Qinghai, which enjoy exceptional advantages in terms of water, electricity, nonferrous metal, and coal and have considerable production capacity and potential, have the necessary conditions to vigorously develop raw material production and to become an important base for the production of raw materials in our country. However, due to the existing administrative divisions and the blind convergence of the production structure, their unique advantages have not been brought into full play. If we can use the unified planning of the economic development region and rationally adjust their economic structure, Gansu, Ningxia, and Qinghai, which serve as a supplementary system for the readjustment of the production

structure in the eastern region, can make a major contribution by making the best possible use of favorable conditions and avoiding the effects of unfavorable ones. Moreover, they can also overcome the defect of a convergent production structure.

Lastly, viewed from the standpoint of deepening the reform, Gansu, Ningxia, and Qinghai have a number of large and medium-size industrial enterprises of strategic importance, which were built with state investment. If the three provinces and region can be turned into an economic development region, integrating the relevant policies of the central authorities with the enthusiasm of large and medium-size enterprises for reform and stimulating the reform of the internal mechanisms of these enterprises by taking as reference the successful experience of small enterprises, especially township and town enterprises, it will be of some significance in setting an example for the nation's large and medium-size enterprises in deepening the reform.

That is the internal basis for setting up a multi-nationality economic development region in the upper reaches of the Huang He. The establishment of this development region also has a number of favorable conditions:

1. The area in the upper reaches of the Huang He is extremely rich in hydroelectric power resources. In the 1,000-km-long river section from Longyangxia to Qingtongxia, there is a drop of 1,440 meters in water levels. In this section we can build 15 cascade power stations, with a total installed capacity of 14 million kilowatts. Moreover, there are many favorable conditions for building power stations there: there would be less inundated land, fewer people would have to be transmigrated, there would be a shorter cycle, less investment would be required, and there would be quicker results than in other regions.

2. Given the serious strains on energy in our country and the urgent need to develop high-energy-consumption industry, it is impossible to rely on imports to meet our need for large quantities of raw materials. It would also be difficult for the eastern region to withstand such a heavy burden as producing a ton of nickel by consuming 40,000 kilowatts-hour of electricity. The nation's present energy and raw material conditions and its trends will inevitably force the high-energy-consumption industry to move to the northwestern region. This provides an excellent opportunity for the northwestern region to bring into play its advantages in energy and nonferrous metal resources. If, with the aid of the advantages of the economic region, we can satisfactorily combine Qinghai's electricity, Gansu's nonferrous metal, and Ningxia's coal and fully release the energy, the development region will play an important role in China's future economic development.

3. With the deepening of the reform and the constant improvement of the pricing system, government controls over the prices of raw materials will probably be lifted at

an earlier date. This is an effective way to remove the gradually intensifying friction of the dual structure. The friction has resulted in three financial "funnels" in China's economic life: 1) The settling down of consumption funds without their participation in expanded reproduction; 2) the flow of a considerable amount of foreign exchange from expanded reproduction in the course of speculative purchase and sales; and 3) the long-standing idleness of funds due to the excessively long cycle of investment in capital construction projects. Under this situation, we can speedily provide the necessary funds for expanded reproduction by lifting price controls over raw materials. Once the price controls are lifted, the western region, which suffer enormous losses by supplying low-price raw materials, will attain more economic returns in this reform. If Gansu, Ningxia, and Qinghai can set up complete raw materials industries through the establishment of the economic development region, the state will also derive more benefits.

4. In recent years, the central government has strengthened work on local legislation and special statutes. This is also very beneficial to the establishment of the development region. Apart from the existing laws on national autonomy, some local and special statutes designed to stimulate the development of social productive forces will also be considered in the near future, such as a law on giving preferential treatment to specialized personnel working in old revolutionary base areas, minority nationality areas, border areas, and poverty-stricken areas, policies toward the economic development region, regulations on technological transfer between the eastern and western regions, a law on collecting local resources tax, a law on joint ventures between central and local authorities, and a special taxation law on the raw materials industry. It can be expected that the establishment of the multi-nationality economic development region in the upper reaches of the Huang He would also have proper statutes to ensure its vigorous development.

In short, under the current situation, the conditions for establishing a multi-nationality economic development region are excellent and the moment is propitious. If we make a success of the western region, the nation will benefit from it. The establishment of a multi-nationality economic development region is the first move in the chess board.

### III

The question of the western regions's social and economic development is not being raised for the first time. It has only become more conspicuous ever since the strategy for economic development of the coastal areas was implemented in the eastern region. Over the past 4 decades since the founding of the PRC, it has always been our basic policy to accelerate the economic and social development of the western region to bring about a rational distribution and coordinated development of our internal circulatory system. From 1953 to 1983, the state invested more than 230 billion yuan in capital

construction projects in the western region, accounting for 26 percent of the nation's total investment in capital construction projects over the same period. Moreover, the state also invested large sums of money in the western region through financial subsidy and other methods. The results were also remarkable. Today, in deepening the reform, it is somewhat difficult for the state to make large investments in the western region. In our view, while making rational investments in the western region, we should especially step up policy input. In the past several decades, because of our failure to satisfactorily combine capital investment with policy input, the state's large investments in human, financial, and material resources have not effectively given the western region the capacity to develop on its own. In the western region, the state has spent enormous sums of money in setting up a fairly comprehensive industry system based on heavy industry. However, under the highly-centralized planning management structure and policy, with the product economy as the feature and the barriers between departments and regions as a means of regulation and control, this system has been cut apart by the vertical administrative system and is subject to the centralized management of a dozen or so central departments, each having its own policy and each independently participating in the state's division of industrial work, thus making it difficult to coordinate with one another. In particular, its failure to integrate itself with the local economy in the western region has not produced the proper chain reaction but has done little to improve the economic conditions of the local people. On the contrary, it has adversely affected the original living conditions of the local people. A folk song circulating in Qinghai reads: "The grasslands are occupied when factories are set up, forcing the herdsmen to graze their sheep on high mountains." This is an exact portrayal of the situation.

If we make a comprehensive survey of the economic and social development of the western region, we can see that, due to insufficient policy input, it has failed for a long time to eradicate the closed, low-level circulatory situation, in spite of the state's large investments. It has even suffered a great deal from the implementation of certain rigidly uniform policies. A host of facts since the reform and the opening of the country to the outside world show that progressive [xian fa xing 0341 4099 1840] policy brings progressive economic interests, while backward [zhi hou xing 3333 0683 1840] policy results in the loss of economic interests. While maintaining the necessary capital investment, we should primarily rely on policy making to improve the economic operational mechanism so that the western region can remarkably improve its capacity to develop itself in the near future. This would be a very effective method. Gansu, Ningxia, and Qinghai may apply the relatively high "gold content" of the policy to develop their own funds for expanded reproduction, attain the necessary igniting force, and rapidly increase their strength through development. When China's reform has passed over the present difficult period and entered a new period of development, the three provinces and region will

support the entire country with their high-energy-consumption industry and solid force of raw materials.

The effect of policy input finds expression not only in economic results but, what is more important, in social effect. With the growth of the economy in the western region, the people's material and cultural life and the laborers' quality will certainly improve. The practice of reform, opening up, and economic invigoration will stimulate them to change their concepts and further enhance their concepts of commodity and competition and their awareness of development. Consequently, they will develop the commodity economy more vigorously and consciously. That is to say, a fundamental change in people may develop into a virtuous circle. And the development of this virtuous circle is even more valuable in places where the minority nationalities are relatively concentrated. The northwestern region, which has a pivotal place in the economic pattern, is extremely rich in national resources but has a relatively small population. As long as we can bring about changes in the people there, it will have boundless prospects. It will also spread throughout the entire country and exercise a far-reaching influence. What should we rely on to change people? We should rely on policy. We should rely on policy to change the present conditions, and changes in the present conditions will naturally lead to changes in ideas.

Naturally, the central policies should also be integrated with creative application of policies in the localities and with specific policies of the localities, which are both in keeping with the central policies and are suited to the practical local conditions. Only by genuinely applying the central policies satisfactorily, fully, and flexibly can their role be brought into full play. That is to say, while having the necessary policies, we should also develop a good policy setup. This is especially important to Gansu, Ningxia, and Qinghai.

In our view, we can consider this policy setup from three levels (of promotion) and nine aspects of relaxation. At the first level, we should promote enterprise reform designed principally to invigorate large and medium-size state enterprises. 1) We should relax restrictions on the system of ownership. Given the conditions in which the system of public ownership plays a dominant role, we should encourage the growth of the cooperative economy, collective economy, individual economy, and private economy in the urban and rural areas. Large and medium-size enterprises may dissolve partnerships, set up joint ventures with nonstate-owned economic entities, be leased, or practice one factory (mine), two systems and even multiple systems. 2) It is necessary to relax controls over the decision-making power of enterprises, especially their decision-making power in the sales of products, so that the enterprises can participate in competition on an equal basis and have the power to associate with the local economy to seek joint development. 3) We should further relax controls over lateral associations, such as the numerous economic links between the state-owned economy and the collective and individual economy and the links between the western,



central, and eastern regions, echoing and supporting each other. The policy at this level is aimed at overcoming as soon as possible the confrontation in the dual economic structure and the widening gap between the eastern and western region.

At the second level, we should promote the growth and improvement of the market system and optimize the market mechanism. 1) We should relax controls over the commodity market, observe the law governing the market economy, avoid using administrative divisions to divide commodity markets, and overcome regional trade protectionism, which is unfavorable to the development of the productive forces. 2) We should relax controls over the financial market, the technology market, the labor service market, and the market for qualified personnel, expand our capability to borrow overnight money and short-term loans, accelerate the application of advanced technology in production, expand and make rational, scientific arrangements for labor export, and attract qualified people necessary for local production. 3) We should relax the price system and provide the raw material production enterprises with a stronger capacity to develop on their own. The policy at this level is aimed at overcoming the friction of the dual structure and rectifying the practice of physical laborers receiving a higher income than mental laborers.

At the third level, we should promote reform of the political structure and effect changes in government functions. 1) We should invigorate the management methods and gradually reduce central mandatory planning and administrative intervention, so that the localities and enterprises can gradually develop the mechanisms of organizing, regulating, and controlling themselves, which are necessary for economic development. We should push state enterprises, collective enterprises, private enterprises, and joint ventures to the market so that they can learn to survive and develop in the environment of the market economy. 2) We should liberalize the management means, apply more economic means in place of administrative means, and learn to use economic levers to stimulate economic growth. 3) We should apply various local statutes and special statutes in areas inhabited by numerous ethnic minorities and place their economic, political, religious, scientific, technological, educational, cultural, and other social activities on the basis of the legal system. The policy at this level is aimed at promoting the establishment of a leadership structure which can help raise efficiency, instill vitality, and mobilize the enthusiasm of all quarters.

**Thoughts on Reading the 'Beijing People'**  
HK0709044588 *Beijing QIUSHI [SEEKING TRUTH]*  
in Chinese No 4, 16 Aug 88 pp 34-35

[Article by Li Zheng 2698 2973 of the People's Publishing House]

[Text] An hour, or a few hours of conversation makes a story, an entire life, a piece of sculpture that needs no further chiseling.

—Zhang Xinxin, co-author

The reason we chose oral literature as an approach to portray 100 ordinary people is that this approach is closer to reality, and it can narrow the gap between words and readers, and content and reality.

—Sang Ye, co-author

The strength of "Beijing People," as stated pertinently in the introduction, "lies in its genuineness and sincerity." "Genuine, because it selects truly representative people to tell the truth. Their words are taped and transcribed." "Honest, because the authors are sincere."

The book is so genuine and sincere that is fascinating. It is intended to be bedtime reading. One can read 2 or 3 pieces at a time. Each piece is 1000, 2000, or 3000 characters long, and one can read them at leisure. What happens is the contrary. Once you pick up the book, you will not drop it. You finish 400,000 characters in 3 days and nights, and you have to rest your eyes for a week.

I have privately called this book "a mini-encyclopedia of the images of ordinary people in contemporary Chinese society."

Although "A Day in China" and "Pursuing the American Dream" are also forthright and sincere, the former is about something in the past and has historical significance, the latter is about a foreign society and is not directly related to us. "Beijing People" conveys voices of compatriots living in the same larger environment. Although we may not have thought thoroughly about the kind of life or thoughts they orally expressed, we can certainly understand more about them after the first shock or surprise is over. We do not find any barrier in understanding them. The narrators came from different trades and have different looks. They seem to be strangers and yet familiar to us. They tell their stories in different tones. Reading their stories is like listening to stories about the joys and sorrows, bitterness and anger of life. They are all interrelated. Each story varies from the others in details, scope, or right and wrong. What the authors try to do is, however, to paint an organic and colorful painting of the society. Missing any stroke is regretful (although adding a few may be desirable). Not only are pieces like "Movie Star," "Manager," "Hero," and "The Third Wave" crucial to the book, others like "Standard Speech," the female "10,000-yuan head of Household," "Serving You," and "I, A Fly in a Bottle" are indispensable too. Without them, the book would be less representative.

Since the book is so highly genuine, the readers may not notice a statement made by the authors: "Due to their habit, personality, or understandable reasons...some individual narrators may not have told the truth." In such cases, the authors make concise and objective assessment and analysis of the narration. This shows how meticulous and serious the authors are. I believe the



"individuals" mentioned here will not hurt the representativeness of the narrators as a whole. A writer once said, "Tell the truth. Do not tell lies. What I cannot tell, I will not. Under no circumstances will I tell lies." These words summarize his experience over many years. It is not easy to stick to them. Therefore, how can we demand too much from "individual" ordinary people? The authors visited many people in a year and contributed the words from ordinary people to the readers. The book is unique and is successful at both the sophisticated and popular levels. The authors should be congratulated for "turning what is ordinary into a specialty."

Beijing does not refer to the district of Beijing alone. It covers the Chinese land. Among the "ordinary people" there are a few celebrities. Although there is a hierarchy among people, yet famous people are in the first place ordinary people. They differ only in their outstanding social function and contribution to society, but they are not aliens. If a second volume appears, I as a reader hope a few more celebrities will be included. Honest words from them will influence society in a way different from the words of ordinary people.

I am a belated reader of the book. I read the second edition. It cost 3.7 yuan, which is not cheap. For the same amount of money you can get a jin of fish. I would rather have the book and not the fish since the former is spiritual food that can be kept. I recommend the book so that the narrators and authors know what a reader thinks of it. I also hope those who have not read the book but are interested in knowing about what other people think will read it. As the writer of the preface says, "one benefits from reading the book."

### **The Soviet Union Reappraises History To Promote Reform**

HK0709032188 Beijing QIUSHI [SEEKING TRUTH in Chinese No 4, 16 Aug 88 pp 36-39]

[Article by Wu Enyuan 0702 1869 6678 of the Institute of World History of the Chinese Academy of Social Sciences; final paragraph is editorial comment]

[Text]

#### **I. Background to Reappraisal of History**

In March 1938, the military tribunal of the supreme court of the Soviet Union sentenced former Soviet Union party and state leaders Bukharin, Rykov and others to death for, it was claimed, the crime of organizing an anti-Soviet "rightist and Trotskyist alliance," a rebellious clique. On the eve of execution, Bukharin, grieved and indignant, wrote his last words. He wrote: "To say that I, Nikolay Bukharin, wanted to destroy the gains of the October Revolution and restore capitalism...such brazenness and irresponsibility is like saying that Nikolay Romanov (the Russian Tsar—author's note) spent his entire life in a struggle against capitalism and

monarchy, for the fulfillment of the proletarian revolution. This is addressed to you, the future generation of party leaders, whose historic mission is the unraveling of the terrible mess of crimes." (MOSCOW NEWS 1987, No 49)

Fifty years later, on 4 February 1988, a full session of the supreme court of the Soviet Union declared the rescinding of the accusations against Bukharin and Rykov, and on 21 June, the CPSU Central Committee announced the restoration of their party membership. Around the same time, the supreme court of the Soviet Union rehabilitated some famous politicians, writers and economists who had died, uncleared of false charges during the great purges of the 1930's.

The further development of the situation has been that people have begun to reappraise the merits and mistakes of the major leaders of the Soviet Union in different periods, and to reappraise and rethink the avenues and forms used in building socialism in the Soviet Union over the last few decades.

The reappraisal of these historical events and historical personages in Soviet history, the interpretations of which have been fixed for many years and to which people have become accustomed and accepting, has been just like a bolt from the blue, and has shaken many people's hearts. In newspapers and periodicals there have appeared all sorts of contending articles, and the intensity of the polemics has been of a degree not seen for many years. A very typical example was the contention between two newspapers in March this year: An article "I Cannot Abandon Principle" which was published in SOVIET RUSSIA challengingly and without mincing words, advocated safeguarding the legacy of times gone by, while the CPSU Central Committee's PRAVDA published an article in retort, aimed at that article.

The Soviet Union is now carrying out huge economic and political structural reforms. How is it that, at such a tense time, the Soviet Union's party and people are carrying out such an unprecedented discussion about history, involving not only those in history circles, but also those in economic, philosophical, literature and political circles, and which draws in people from the central leaders down to the ordinary people?

This has been determined by the situation of reform. In the last 3 years, the Soviet Union's reforms have been far more difficult to carry out than anticipated, and this has been mainly manifested in: The reforms have not yet brought obvious economic results, the market situation is still poor and many commodities are in short supply; the reforms have met great resistance from the bureaucratic strata, because the reforms directly affect their interests; and the fact that many of the people are used to the egalitarianism of the big pot, has objectively created an obstacle to reform.

It is with this background that there have appeared in newspapers calls for the restoration of the "iron bowl," meaning restoration of the highly centralized management system. However, there is no way out through retreat. The secretary-general of the CPSU Central Committee, Gorbachev has stressed: "Apart from the carrying out of revolutionary and vigorous reforms, there is no other sensible choice. If there is no reform, there will be stagnation." (Gorbachev: "Perestroika and New Thinking" XINHUA CHUBANSHE 1987 p 67)

For this, it is necessary to reveal and criticize from the historical angle the defects of the political and economic management system, characterized by a high degree of centralization, which has been formed over many years. The CPSU leaders believe: "Engaging in historical analysis helps us to more clearly see the origin of the various phenomena involved in this concept of the braking mechanism." ("PRAVDA" 21 November 1987) The real reappraisal of history will be of assistance in resolving some of the pressing problems raised by social development in the Soviet Union today, problems such as the progress of science and technology, the reform of the economic structure and so on. It will be able to strengthen the conviction of the reformers and assist those who do not understand the reforms to take a stand of facing the future. At the same time, it will not give any hopes to the conservatives for the revival of the past.

In January 1987, at the plenary session of the CPSU Central Committee, Gorbachev proposed that in history "we should not have forgotten people or blank spots." This was the prelude to the reappraisal of Soviet history.

At present, the major questions in Soviet history are centered on activities within the party in the 1920's and 1930's, the period of the war to defend the country, and the period of reform from the latter part of the 1950's to the beginning of the 1980's, that is the three periods of Stalin, Khrushchev and Brezhnev. It is worthy of note that the reinvestigation and reappraisal does not involve all historical events, personages and "blank spots," and it is not purely academic exploration. Its real motive and aim is, through using history as a mirror, to promote the current Soviet political and economic structural reforms.

## II. Appraisal of the Stalin Era

The 20th Congress of the CPSU broke down the "cult of the individual" as it related to Stalin, but at that time criticism of Stalin was limited to the expansion of the measures to eliminate counter-revolutionaries. As the cases of unjust treatment suffered by Bukharin and so on were not redressed, this left a tail hanging from Stalin's movement to suppress revolutionaries. It was as if some genuine counterrevolutionaries truly had been suppressed. Now, after the truth about the unjust, false and wrong cases of the 1930's has come out, people have a better understanding of how Stalin acted in his political struggles, with indiscriminate use of power, slaughter of innocents and violation of the law.

Whereas Stalin was previously considered a "talented leader" in the war to defend the country, now there are different appraisals. For example, some historians have pointed out that Stalin's signing of the Soviet-German pact of non-aggression with Nazi Germany opened the way for Hitler to swallow Poland; on the eve of war, Stalin had some of the most experienced and war-tempered generals killed, thereby weakening the combat effectiveness of the Soviet army; right up to the eve of the Fascists attack on the Soviet Union, Stalin believed that saying that there was a danger of a German attack would sow discord. Thus, sufficient preparations were not made and this resulted in the initial routing of the Soviet army on all fronts; he wrongly believed in 1942 that the major goal of the attack would be Moscow and thus moved the major part of the forces to that region. This resulted in a complete crisis when the German army broke through the defence lines in the Southwest and so on.

The details of how Stalin's forced implementation of the overall collectivization of agriculture forced many millions of peasants to suffer great hardship have also been revealed. "MOSCOW NEWS" has published for the first time a letter from the writer Xiao-luo-huo-fu to Stalin, in which he wrote: "The poor peasants are starving. Their valuables and even their samovars and rugs have all been sold...."

This has naturally provoked reflection on the road of building socialism under the leadership of Stalin in the 1930's. Some scholars have pointed out that if Stalin had not prematurely embarked on industrialization and the overall collectivization of agriculture, and if the New Economic Policy formulated by Lenin and adhered to by Bukharin—that is maintaining the individual economy for quite a long period and fully utilizing the market and the law of value—had continued to be implemented, "the domestic situation within the Soviet Union may well have been very different."

If these things were as some people say, does it mean completely negating Stalin and the achievements of the people of the Soviet Union in building socialism over several decades? Certainly, under Stalin's leadership, the Soviet Union jumped from being a backward agricultural country to being a major industrial world power, and achieved a final victory in the war against fascism. It is unlikely that anyone will deny these widely-acknowledged achievements. However, this is but one side of the matter. The other side is: At the same time as recognizing the great achievements realized in the past, there is also a need to recognize the great suffering sustained in achieving them. If these painful questions of the past are dodged, it will not be of help in resolving the major problems of today which touch on reform, problems such as democratization, opening up, observance of law, overcoming bureaucratism and so on.

A deeper understanding of this period begins to reveal the nature of the political and economic systems established by Stalin, aspects which the criticism of "worship

of the individual" under Stalin, carried out in the 1960's, did not touch on. The famous political observer Bao-wen [7637 2429] has written an article pointing out that Stalin favored the methods of orders, directives, and instructions. These methods allowed independent and self-contained decision-making, with the possibility of consideration being given to the actual needs of society being reduced to the lowest degree.

In the industrial sphere, Stalin established a management system characterized by a high degree of centralization. Transferred to the agricultural sphere, this meant forced implementation of collective farms and cooperative state ownership. In economic theory, he proceeded from preparing to make the transition to communism and proposed gradually changing from commodity exchange to product exchange, and raising collective farm ownership to the level of whole-people ownership. This system which formed in the economic sector also expanded into the superstructure, restricting the bringing into play of the potential of socialist democracy. On the one hand, this system did not leave any leeway for the idea put forward by Lenin in respect of the autonomy of the laboring people, and the people were unable to realize their right to participate in state affairs. On the other hand it was precisely the lack of a due level of social democratization that provided the possibility for the worship of individuals, the damaging of the legal system, the unbridled use of power, despotism and repression.

### III. Appraisal of the Khrushchev Era

This is a big blank in the history of the Soviet Union. After Khrushchev mysteriously stepped down "for health reasons" in October 1964, his name has been virtually eliminated from Soviet history books. Following the increased deepening of the reforms being carried out by the Soviet Union at present, people are beginning to take an increasing interest in this period, especially in the reforms which were implemented in the middle of the 1950's. Many of the issues in the reforms today were put forward by Khrushchev, but were not completed at that time.

The most important event of this period was the 20th CPSU Congress. The historian Deputy Doctor E. Zu-bu-ke-wa [4371 1580 4430 1216] has pointed out that on the eve of the 20th Congress, the Soviet Union had two options: Either for the party, in accordance with Lenin's teachings, to publicly condemn the mistakes during the period of Stalin worship and to abandon those leadership methods of the party and government leaders which obstructed social progress; or else for the leaders to stay with the same conventions, and oppose letting any new and creative forces prevail in the party. She said that the 20th Party Congress was a major change of critical political significance. Butenko, a doctor of philosophy, has very bluntly noted that Khrushchev's exercise of power and the struggle to overcome "personality worship and its consequences" basically transferred state

political power from the hands of one socio-political force to the hands of another political force. This is the first time that Khrushchev and the 20th Congress of the CPSU have been appraised from such a high political plane.

Beginning in the middle of the 1950's, Khrushchev implemented a series of reforms on the political and economic levels. The changes first began in the political field. Following the redressing of a large number of unjust, false and erroneous cases, the legal system was gradually restored and made sound; inner-party democracy and the principle of collective leadership were restored; the masses were aroused to participate in discussion of party policies; a system of terms of office for cadres was established and the party and government were separated; the roles of the Soviets, trade unions and Communist Youth League were brought into play; and the ideological sphere, which had been frozen for so long, began to "thaw"....

On the basis of democratization of political life, economic reforms began. Some central functional departments were abolished or combined with others, and a part of their power was transferred to various republics and economic regions; management organs were streamlined; economic contracts between enterprises were implemented; and the economic levers of price, profits and taxation were employed. As for the peasants, the system of compulsory sale of agricultural products to the state, a system which had long been depriving the peasants, was first reduced in scale and finally abolished; the mechanized tractor stations were abolished and the situation of there being two masters of a piece of land was ended; the size of the garden plots next to residences, tended by commune members for themselves, was expanded, and the development of sideline industries was encouraged.

Although the orientation of these forms was correct, in the end Khrushchev's reforms failed. What were the reasons for the failure? This is a question which has the centralized attention of the Soviet Union's historiographical circles at present. According to their analysis, the major reasons were as follows:

1. Ideology was still subject to the controls of the 1930's and 1940's models. There existed a tendency to simplify and unify the Marxist-Leninist principles. Concepts such as the "innate" perfection of socialist society, that a planned economy is without doubt superior to a commodity economy and that social interests, as represented by the state, are more important than individual interests, were still adhered to. This was most strikingly reflected in the party program formulated by the 22nd Congress, which noted that the strategic task for the party to realize was the building of a communist society, and that this task would be realized under the existing socio-political and economic organizational forms. It overlooked the ideas of Lenin on socialist autonomy, on

the use of cooperatives, on commodity-money relationships, on implementing economic accounting and on many other rich socialist forms and socialist concepts.

2. "Economic determinism" was used to replace economic measures. Khrushchev said many times that the raising of a region's agricultural output is mainly determined by the party spirit of cadres, people's political consciousness and their enthusiasm for labor, and cannot be put down to climate and such factors. In those years, there occurred all sorts of activities under the name of "labor for communist construction," and the raising of economic results mainly depended on political measures. The first experiments which attempted to unify material incentives and economic benefits with the results of labor were denounced as capitalist activities "seeking private benefit."

3. Subjective arbitrariness and the theory of the will led to reform targets being unclear and implementation not being thoroughgoing. The economic development plan for increasing daily-use commodities, which was formulated in 1953, was quickly replaced by the policy of giving priority to the development of heavy industry; the carrying out of experiments in the agricultural area, which was done blindly, meant that first the collective members were given a free hand and encouraged, and then subsequently were restrained and restricted; in industry, the management structure was reorganized unceasingly and unmethodically. While one management system based on administrative orders was used to replace another such system, the system had already used up its last reserves for the development of an extensive economy.

4. It was not possible to widely develop the democratization of the whole society. This was the most important reason for the failure of the reforms. A characteristic of the Khrushchev reforms was that they only stressed the efficacy of the reform of organs. This was a concept which worshipped the party and state organs of power, and it was not possible to establish new democratic work methods. Any "thaw" in the ideological field was very quickly frozen over. Some independent views and ideas and some artistic forms which were not understood were declared to be dangerous to the state organs. The elementary contents of democratic life, openness, freedom of speech and freedom of the press did not really exist. This lost them the reliable support of the intellectual strata. The undemocratic way in which cadres were promoted and the imperfections of the election and responsibility systems meant that the ordinary people, who had all along not been paid much attention, could not be widely drawn into participating in socio-political and economic management. Also, as there was no consciousness of law among the people or resurgence of social opinion, there was no way to get to the root of the system of "worship of the individual." The fate of the state, the fate of the people and the fate of the reforms were in the hands of the high-level forces. When the bureaucratic strata

resisted the process of democratization of the party and government and resisted the reform of industry and agriculture, this fate was threatened.

The summing up of the lessons of the failure of Khrushchev's reforms has enabled the CPSU leaders to realize that the most important method for deepening the reforms in the Soviet Union at present is "through relying on the initiative and creativity of the masses, to have the broad number of laboring people actively participating in the reform work which has been worked out. That is, democratization and further democratization." (Gorbachev, "Perestroyka and New Thinking" p 48)

#### IV. Appraisal of the Brezhnev Era

During the Brezhnev period there were two quite major economic reforms, one in 1965 and the other in 1979. At the same time, this period was directly related with a period of economic stagnation, and thus of course this has become a focal point of attention.

People believe that from the 1930's until the end of the 1970's there was formed a braking mechanism which obstructed the social and economic development of the Soviet Union. There is still divergence in Soviet academic circles as to the definition of this so-called braking mechanism, but the general idea is that it refers to the various types of stagnation and negative phenomena in the development of economic, social, political and spiritual life, international relations and in the communist party itself, as well as to this overall development process as a whole.

In the socio-political sphere, the braking mechanism was primarily manifested in the crippled nature of inner-party democratic life, creating a new worship of the individual for Brezhnev and, at virtually all of the party representative meetings, each person's speech would praise his achievements and laud his leadership. Even a minor campaign in which he participated during the war to defend the country was exaggerated into a decisive campaign which could be spoken of together with the major battles in the defence at Stalingrad and Leningrad; in terms of cadre policies, people were appointed only on the basis of relationships, resulting in the degeneration of the cadres and the extreme obstinacy of the bureaucrat strata; words became divorced from actions, there was self-consolation and a false picture of peace and prosperity was presented.

What is particularly worthy of note is that Soviet Union scholars first spoke of the braking mechanism as being manifested in foreign relations. For many years, the Soviet Union's foreign policy was a "no-go" area which could not be discussed and certainly could not be publicly criticized. Brezhnev inherited the legacy of Stalin's foreign hegemonism and great-nation chauvinism, and this was manifested when Soviet troops invaded Czechoslovakia in 1968, in the aggression against Afghanistan

in 1979 and in the deployment of SS-20 missiles in Central Europe. There was also inappropriate reaction to the United States arms race, leading to a great increase in Soviet military expenditure. In the period 1979-1985 alone, military expenditure exceeded \$1,000 billion. The handling of foreign relations was also unnecessarily strict, which exacerbated domestic economic difficulties.

The political basis of this braking mechanism was the implementation of an administrative leadership strata, with a system of grades, with appointment from above and with no supervision by the people. With the protection of this system of grades, selfish departmentalism and bureaucratism grew and developed. Regardless of whether we speak of the working class or the entire laboring people, in no case was it possible for them to realize real democratic politics or to realize their own position as masters.

Those state-owned forms which were declared to be owned by the whole people were the economic basis of this mechanism. The people were actually only the embodiment of live labor and were not seen as the masters of these forms. Under the outer shell of strong centralized management of state assets, this ownership by the whole people became increasingly an empty name, and in distribution, use and production of assets, there was no real advantage-disadvantage relationship.

Thus, Dr Butenko considers this braking mechanism as an aggregate of stiffened economic forms, obsolete political and organizational systems and ineffective methods of guidance. It obstructed the resolution of mature contradictions, resulting in it being impossible to use the advantages of socialism. (Butenko: "Braking Mechanism: What Is It and How Do We Combat It?" carried in "MOSCOW NEWS" 1987, No 43)

When compared to the reforms in Khrushchev's time, those aspects of the economic reforms during Brezhnev's period which are worthy of affirmation are: It was understood that the economy is a major link in perfecting socialist relationships and that enterprises are a key point in reform if they understood the necessity of effectively utilizing socialist economic law and speeding scientific and technological progress; they formulated strategic policies to change the national economy from an extensive one to an intensive one, and finally attempted to use economic management to replace the highly-centralized system of administrative orders.

However, seen overall the reforms were a failure. The basic cause of this failure was that they only carried out economic reform and did not carry out coordinated political reforms and reforms of the superstructure. In particular, they did not adopt any feasible steps in developing socialist democracy. Gorbachev has summed up well the situation at the time: "The reason we suffered

many losses is that in the past our reforms in the area of democratization of Soviet society did not have wide political reforms as a backup." ("PRAVDA" 21 November 1987)

In summing up the experiences of history, some Soviet scholars believe that in order to guarantee the success of the current reforms, it is necessary on the economic level to ensure the real (not formalistic or legal) socialization of the means of production, and that the laboring people really become the owners and the common owners of the means of production. In the "State Enterprise Law" which was implemented this year, the highest policy-making power has for the first time been transferred from the hands of the factory director (manager) to the workers congress of the enterprise. The principle for leading the enterprise is no longer purely "one-person leadership," and instead the system of "integrating one-person leadership and democratic management" has been instituted. On the political level, reform means that political power must truly, not merely in words, become the people's political power, and this must replace that political power which has nothing to do with the people, does not represent their interests or will and is not subject to their supervision. This not only requires the expansion of the rights and freedoms of the citizens and the expansion of openness, but also requires the reform of the entire socio-political structure, by which the reform of the economic structure can be stimulated and promoted.

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Here, we have given a brief introduction to some of the ideas in the reappraisal of history at present in the Soviet Union. These ideas are not final conclusions and are not ideas with which all scholars agree. However, it is extremely clear that in order to resolve the difficulties of today's reforms, to deepen political and economic structural reform and guarantee that the reforms cannot be turned back, the Soviet Union is, through rethinking history, striving to find theoretical breakthroughs, to make clear the orientation of reform, to perfect measures, and to strengthen the people's faith in the reforms.

### **Some Aspects in Contemporary Scientific and Technological Development**

*HK0709053188 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 4, 16 Aug 88 pp 40-43*

[Article by Zheng Hongqing 6774 3163 1987 of the State Commission for Structural Reform]

[Text] The international symposium on "Scientific and Technological Development and Structural Reform," jointly held by the State Commission for Structural Reform, the State Scientific Commission, the UN Commission for Development Planning and the World Bank

in April this year, discussed in depth the situation and development trend of contemporary scientific and technological development, as well as their needs in reforming the economic structure.

**I. A Worldwide Common Trend:  
Attach Great Importance to Turning  
Scientific and Technological Achievements  
Into Large-scale Commercial Production**

On the issue of handling the relations between scientific research and technological development on the one hand and commercial production and the occupation of domestic and overseas markets on the other, many specialists and scholars pointed out that science does not equal technology, neither does technology equal large-scale commercial production. The development of science and technology in a country requires a strong force for undertaking scientific research and technological development, as well as the capacity for successfully turning science and technology into commodities, thereby gaining economic benefits. In a certain sense, the latter is more important than the former.

Mr Luosenboge [5012 2773 0130 2706], a famous professor from Stanford University in the United States, who specializes in research and development, spoke at the symposium on an investigation conducted by the library of the U.S. Congress: They ranked all Nobel prize winners in numeric order against their countries, and compared the result to the social and economic development of these countries. It was discovered that in terms of medical science, the number of Nobel prize winners in a country has nothing to do with the public health, health status and average life expectancy of that country. The economic growth rate is comparatively low in countries which have bred more physical and chemical Nobel prize winners. In total, only five Japanese have won the Nobel prize, whereas the number of Nobel prize winners in the Kaowendishi [5072 2429 6611 0087] Laboratory of Britain alone was 10 times more than that of Japan. However, economic achievements made by Japan after World War II are much more than those made by Britain. There has been a popular worldwide saying: Britain is famous for scientific research, Japan is famous for commodities, and the United States for markets. By relying on its outstanding capability of assimilation and transfer, Japan has gained the best economic benefits from the scientific and technological achievements, as well as markets, provided by Western Europe and North America.

Nevertheless, this by no means indicates that basic research is not important. Under the present circumstances where scientific development involves an unprecedentedly wide scope of knowledge, where various disciplines of science interact with each other, and where the scientific boundaries are collapsing, the growth of a new technology becomes increasingly dependent on profound basic research work and integrated scientific capacity. It is because of this that Japanese explicitly

proposed the slogan of "building the country by basing on science" following their previous proposal of "building the country by basing on technology." The core of the issue is that even though we carry out basic research, we should attach more importance to its development potential, select those having great potential for development, distinguish major sectors from the ordinary ones, and boost the development of those with high priority. At the same time, we need to strengthen sectors that are related to the processing of turning scientific research achievements into commercial production. Based on a host of statistic data, some specialists pointed out that if one spent US\$1 on the research, one should plan to spend US\$8-10 on the development and formation of large-scale commercial production. This means that before making our selection of research projects, we must take into full consideration the enormous expenditure to be spent during the process of application development. Otherwise, the research achievements will simply be used to produce samples.

Britain has gained much experience in the integration of science and technology with industry and commerce. It has long been famous for the development of new thoughts and has a strong scientific research force. It ranks top in the world in terms of Nobel prize winners per capita. It is the country which invented such epoch-making and significant products as radar and penicillin. However, the scientific circle has long formed a tendency that ignores application, but not theoretical research. Scientists simply conduct research on any subject that they wish, without taking into consideration the way of putting his achievement into application. In their words, it is that one cannot expect that scientific research will provide to him any direct economic returns. This is one of the major reasons that the economic vitality of Britain was so poor after World War II, and that its competitiveness in the international market is decreasing. After assuming office, Mrs Thatcher spent great efforts on promoting economic and social reforms. Meanwhile, she proposed new thoughts on the scientific and technological development, which included the following three major aspects:

First, she pointed out that Britain faced serious scientific and technological challenges. At present, Britain is behind the United States and Japan in many areas while a number of newly developed industrialized countries are catching up. The discovery and exploitation of North Sea oilfields are just an economic stimulator. The oil reserve will dry up in a few decades. In order to maintain its economic strength and its healthy livelihood, Britain must give play to the advantages of science, apply advanced scientific and technological achievements to its economy, and produce and export products based on high technology.

Second, she stressed the effective development of science, to gain as many economic results as possible. For this reason, the country must put an end to academic and purely scientific research; closely unite scientific

research, education, industrial and commercial circles; let new products and techniques embody scientific and technological achievements; and actively enter the international market. In order to achieve this, it must depend on the pioneering spirit of the industrial and commercial circles because to simply rely on the innovative spirit of the scientific and education circles is far from enough.

Third, it is impossible for a country to take the world lead in all aspects of scientific research. The funding of scientific research is subject to the GDP of a country. While the funds are limited in amount, they cannot be shared on an equal basis. The core of the issue is to make selection. The country must predict, select and develop those scientific sectors that may become a new technological basis in the future and bring about enormous economic results. This will inevitably cut the funds allocated to other sectors and projects. Not only should we make selection, but must also be good at making use of opportunities for development. The keen international competition will deprive one of making use of any opportunity when he reacts too late, so that his competitors will occupy the market. However, it will also be difficult for him to achieve any economic result when he reacts too early and before the opportunity for market development emerges. Hence, selection is necessary though it is risky.

Under the guidance of these new thoughts, the British government overcame interference from various areas, resolutely readjusted and reformed its scientific and technological policies and structures, cut the proportion of government allocation in scientific research and development funds, as well as increased the proportion of capital contributed by enterprises. The government tried its best to withdraw from certain research sectors and let the industrial circle shoulder them. It encouraged large enterprises to run private research institutes, and turned government-run institutions into private ones. It required industrial participation for projects undertaken by some research institutes in order for them to receive government support. It assisted some universities in establishing a scientific land, or turned universities, as well as scientific and technological organizations, of a region into a high technology central network, which got its revenue by providing technological, design, information and training services to industry and commerce. Safute [5646 4395 3676] University set up a special "industrial and commercial company for trading services," for which professors, lecturers and post-graduates worked in a 50-day turn. In 1987, its revenue totalled 5.5 million pound-sterling, most of which was used as a subsidy for scientific research and education expenditure after retaining a small sum of money as remunerations of the staff. Between 1980 and 1987, the amount of additional subsidy received by the university was increased from 15 percent to 45 percent. In order to strengthen the government's support in the selection of scientific research projects, Britain set up an advisory council under the cabinet office for the study of application, which was formed by scientists, entrepreneurs and

scientific and technological policy and management specialists. Its main task was to propose to the prime minister, the strategic focal points of science and technology, as well as the intermediate- and long-term commercial prospects of research projects.

## II. China's Pragmatic Selection of High Scientific and Technological Development

Specialists from all countries particularly stressed the decisive role played by science and technology in the fate and destiny of the developing countries. Over the past 2 decades, most of the per capita national gross production growth in the developed countries was brought about by scientific and technological advancement. In the developing countries, however, the role played by science and technology is minimal. This is the main reason that gaps in certain areas between the developing countries, including China, and the developed countries are widening. In China, it becomes more arduous and urgent than in the developed countries that we should speed up the pace of scientific and technological development.

The specialists held that the development of high technology required that we must first understand clearly its meaning and characteristics. Though there is no internationally and commonly accepted classic definition for the term high technology, it is certain that the high technology industries are industries that need an enormous amount of capital and involve high development risks. Nowadays, we cannot limit the meaning of "high technology" to a particular set of industries such as computer, laser and bio-engineering. In fact, high technology has been widely spread and has profoundly penetrated into various sectors. The boundary separating it from ordinary technology industries is blurred. For example, people took the tailoring industry as a traditional one. But it quickly adopted the application of such high technology as computers and laser tailoring. The specialists particularly stressed that a phenomenon of "squeezing" emerged in the development of high technology: The life cycle of a new technology and a new product becomes shorter; whereas the cost of development gets higher, so that some major projects become too costly for a single country to undertake and needs to be tackled through international cooperation. This phenomenon of "squeezing" is an issue of which a developing country that has insufficient capital and poor scientific research strength must take into full consideration.

How should China and other developing countries develop their own science and technology? The specialists at the symposium proposed several principles concerning the selection.

(1) A country must not blindly strive for "new," "high," and "comprehensive." Instead, it must select the applicable technology by proceeding from the availability of resources, financial resources, scientific and technological education background, and its organization and management skills; and focusing on the actual benefits



and market development. The technology concerned must meet technological and commercial requirements. Some high technology is successful in terms of technology but not in terms of economics. However, some innovative and minor improvements of technology may collectively bring about more remarkable economic results than an invention. The huge Concord supersonic airliner jointly developed by Britain and France may fly across Atlantic Ocean in three hours. It is therefore regarded as "new" and "high" in terms of technology. But it does not have any market share, though 16 Concorde have been made, for which the British and French taxpayers shouldered some tens of billions of U.S. dollars in development cost. The emergence of containers has brought about a major change in the mode of transportation, though its technology is by no means high, it has brought about so many economic results that it exceeds the total benefits brought about by many inventions. For a developing country, it is simply impossible to catch up with and surpass the scientific and technological standards of other countries in all areas. It must pool together its limited resources to pursue fixed goals. It is necessary to analyze here the "static economic results" and the "dynamic economic results." Though some sectors or trades have been achieving good results, their development trend may be an unfavorable one and is subject to analysis and selection by the combination of judgement in the dynamic viewpoint, the possible availability of scientific and technological advancement and chances of developing the domestic and international markets.

(2) Compared to the developed countries, the developing countries must spend more efforts on the development and application of science and technology. Situoman [1825 2094 2581], senior researcher of the Wolike [3087 6849 0344] University in Britain, proposed that generally speaking, a new technology must usually undergo three stages before application: The first stage is invention, at which new technology or thoughts about a new design are developed; the second is development, at which the new technology or design is turned into a product; and the third is commodity, at which the product is made on a large scale and is spread wide through the market. It is not difficult to understand that economic benefits mainly derive from the work at the third stage. The reason that Japan and the four Asian "dragons" developed so rapidly is mainly because they are more capable in the development and application of science and technology, as well as large-scale commercial production of products therefrom. The specialists held that countries like China must also pay special attention to the re-development of military technology, and turn it into civilian usage. The countries must invest in a certain amount of resources and carry out necessary transformation in addition to strengthening the governmental guideline and assistance. This may be practical if we proceed from the situation of the country as a whole.

(3) The developing countries must adopt a more flexible attitude toward science and technology, and emphasize the

import and transformation of overseas advanced technology. A salient feature of modern technology is that it is spread beyond all national boundaries and much faster than that in the past. Any technological innovation developed by a country can be proliferated to other countries within a very short time. This is a result of the unprecedented development of telecommunications technology and means of transportation. Furthermore, activities of multi-national corporations, as well as international trade, also play a role. This thus provides an opportune moment for the backward countries to acquire advanced technology by spending less. It is extremely foolish to insist on self-reliance in every aspect. In the 1960's, some developing countries spent a decade, as well as an enormous amount of capital and manpower, on developing their black-and-white television picture tube rather than importing television technology that was already developed by other countries. Consequently, the technology had already become outdated by the time they presented their own products. Generally speaking, in the years to come, the developing countries still cannot become the major source of creations and inventions in the world because of a multitude of restrictions. They must overcome various obstacles and psychological barriers, and actively import advanced technology. However, importation does not mean doing nothing or simply imitating. We must assimilate and transform it in accordance with the situation of the country. Japan succeeded in doing this because it exercised its remarkable capability of assimilation and transformation of advanced technology, in addition to importing technology.

(4) A country must pay attention to new technology and techniques, as well as to the creation of new organizations and new management, which is more important. A new technology cannot provide us with a shortcut to obtaining economic results. It will not be utilized in a rational manner, or be turned into actual benefits, without appropriate organizations, management skills, the enterprising spirit, and services provided by the transportation networks formed by enterprises. The scope of such organizations and management skills is so wide that it includes on-the-spot management, quality control, inventory management, cooperation organization and personnel training. Compared to the technology of designing and production, they are "invisible" technology and are prone to be ignored. But they are the places where enormous economic results lie. Though the textile factories in some African countries have technology and equipment identical to those in Southeast Asian countries, the economic results achieved by the latter are several times or even scores of times more than those by the former. This is mainly because the former lacks the "invisible technology" in the areas of organization and management.

### III. Market Competition Mechanism Is the Drive for Making Technological Advancement

The research, development and application of a new technology requires hefty costs and are accompanied risky prospects. If the scientific research units and enterprises do not have a strong urge for or feel the pressure to



pursue technological advancement, they will be unwilling to pay such costs and take the risks. The participating specialists unanimously held that under the conditions of the commodity economy, this urge and pressure mainly come from an appropriate economic stimulant, as well as market competition in which various economic subjects compete with each other for their own benefits. Once we have such a mechanism, our demand for technology will be strengthened. The material resources, as well as manpower, will be fully mobilized. They will freely flow to departments that can yield better economic results. Departments and enterprises that are inactive in adopting new technology will be eliminated. Therefore, technological advancement in society as a whole will naturally be accelerated. Without this mechanism, it will be impossible for a country to achieve any technological innovation or growth of productivity, even though it has a high quality of scientific research. Hence, in terms of technological advancement, the most important part is to establish a market competition mechanism.

Professor Gemuerka [0766 4476 1422 0595] of the London Institute of Economics analyzed why the structures of the Soviet Union and Eastern European countries did not conform to the need for scientific and technological development. He held that this was mainly because: (1) The drive of these countries for making scientific and technological innovations comes from the central government; the funds needed for such innovations are controlled by the central government; and projects for innovations are determined by the central government rather than based on the cost-returns analysis. (2) Resources needed by enterprises for making innovations are limited. Many important resources, such as capital, scientific and technological forces, are controlled by the central government; enterprises have no right to allocate or utilize them. (3) They lack a rational mechanism to stimulate enterprises to make innovations and to take initiative, so that enterprises cannot get their due benefits by making innovations. (4) Products of innovation are developed for the sake of overcoming difficulties in supply rather than developing the market. The aggregate demand is so excessive that products have remained unchanged throughout a decade and that enterprises refuse to undertake risks and make innovations. (5) Enterprises are under soft budgetary constraints and face no competition, so that they are not afraid of being forsaken by the market. (6) The scale of enterprises is so large that they stress more on quantity rather than quality. In fact, major technological innovations usually symbolize the establishment of new enterprises. Under the conditions of the market economy however, the drive for making innovations comes from market demand and the pressure of competition. In the process of making scientific and technological innovations, small enterprises are the source of vitality, while the market is the most authoritative inspector. Through competition, old industries are constantly turned into new ones, and science and technology are rapidly turned into productive force. The above mentioned structure

usually yields poor economic results. While the expenditure of these countries for scientific and technological development accounts for 25 percent of the world's total amount, their technological export accounts for one percent of the world's figure.

Professor Luosenboge of the Stanford University also pointed out that countries which adopted central planning put undue emphasis on the scale of economics. They held that the larger the scale, the lower the cost. This is a static analysis ignoring competition and innovations. Under the circumstances where no new resources or new technology is added, a large scale of economics will bring about the reduction of cost. However, as large enterprises monopolize the market and face no competition, new technology, new innovations and new development will be absent. Therefore, a dynamic analysis of the scale of economics is better. In a case in which the market is shared by several enterprises, there will be competition and hence the possibility of introduction of new technology. Only thus can enterprises become energetic and yield more economic results. Therefore, competition and technological innovations are inseparable.

#### **IV. To Provide Better Policies and Environment for Scientific and Technological Development**

Some participating specialists proposed that though the realization of technological advancement depends on market mechanism, this by no means indicates that a completely free market can solve all problems, and that a government need not do anything. Under the circumstances of the times, markets are far from perfect and are prone to being monopolized, so that technology innovators and small enterprises are often in an unfavorable position and cannot get their proper rights. They have to raise a huge investment sum to develop new technology, face more risks and uncertainties than those borne by individuals. Objectively, the source of some resources, such as national defense and some public utilities, is not always available on the market. All these require appropriate intervention by the government. As the developing countries do not have developed markets, sufficient access to information, a middle-level organization in society or a fully developed enterprise, they face an arduous task of structural readjustment, and the government is often required to undertake more functions. The essence of intervention by the government is also a process of selection, including the selection of goals, means, priority of matters and distribution of benefactors. In most cases, these selections are not so simple as either A or B. Instead, they are the arrangement of degree, modes, balance between advantages and disadvantages, time and space. All these are made for the sake of making the competition more impartial, the market mechanism perform better, and make up for deficiency of the market in some areas. Moreover, we must not make excessive intervention, as it will hamper the vitality of the market.

First, the government should make overall readjustment and control of the aggregate supply and aggregate demand of society, and check against serious inflation. Subject to this prerequisite, the price should be determined by the market and truly reflect the scarcity of resources, which is needed for promoting the development of new technology. We must not underestimate the influence of inflation on technological advancement. If inflation becomes excessively high, individuals and enterprises will doubt the prospects for their operations and will tighten their investment in technological development; or they will increase their revenue by increasing prices rather than spending efforts on developing new technology and new products. Inflation tends to seriously distort the signal of pricing, cannot reflect the degree of scarcity, and even provides a wrong signal for the distribution of resources. The practice of fixing an excessive scope of prices by the government also shares the same disadvantage. For instance, the rationality of distribution of resources is doubtful as the scarcity of capital in China is very high, whereas capital investment is shared in terms of projects so that the price of capital becomes excessively low.

Second, generally speaking, a country must have policies for various trades, as well as corresponding investment policies. But the government must be far-sighted, and its policies must be flexible rather than being excessively detailed or having rigid instructions and orders. Otherwise, they will impose restrictions on the development of new technology and new products. That Japan succeeded in carrying out its policies for various trades is closely related to the far-sightedness of the government. In the 1950's, Japan encouraged the development of capital-intensive heavy and chemical industries, which did not conform to the principle of giving play to its advantages. This is because the labor supply in Japan at that time exceeded its demand while the country lacked capital. But both the government and the industrial circle held that only heavy and chemical industries were the promising industries in the future international market. In the course of accelerating its development, South Korea carried out the policy of "carrot and cudgel" while paying attention to the flexibility of its administrative policies. In the 1960's when non-governmental enterprises invested a huge sum of capital in the car industry, the government did not give its support. This is because it held that South Korea was so insufficient in resources and backward in technology that it was better to develop light and textile industries. However, the non-governmental enterprises insisted on investing in the car industry and envisaged a new prospect, so that the government promptly readjusted its policy, protected and greatly supported the development of the industry, which quickly became a major industry that led the economy rapidly develop.

On policies toward trades, some specialists also held that the government should only give comprehensive guidance and undertake management. To have a department in charge of a single trade tends to develop a closed-door

situation and is dangerous. It is better for the central government to formulate rules and let localities and enterprises handle the specific matters.

Third, sometimes it is necessary for a government to implement protective policies for a particular industry, which must be a budding advanced industry rather than a backward one. Furthermore, there must be a time limit for such protection, and no industry is allowed to protractedly depend on the preferential treatment of the government and to dodge market competition. Some specialists even attach great importance to the threat of protectionism. They cited an example and said that in Brazil, the technology of its computer industry, which was under the government protection, was stagnant and its quality was so poor that this had not only made the industry become backward but also hampered the efficiency of all trades that used the home-made computers. Some other specialists held that protective policy did not equal protectionism. It could be integrated with the positive market competition. The subject of protection was competition and to compete on the international market. Shortly after the car industry emerged in South Korea, the government adopted some strict protective measures, including the imposition of hefty tariffs on imported vehicles and strict restrictions on the use of imported vehicles. For a while, of the administrative officials, only the president, chief justice and speaker of parliament, were allowed to use such vehicles. After production was developed, it revised its tariffs and lifted its restrictions on vehicles with an exhaust volume above 2200 cc. The competitiveness of its car industry quickly became stronger and marched into the world market. Last year, it exported 170,000 cars to the North American market. Specialists unanimously held that it is significant for the developing countries to draw lessons from the experience of South Korea. UNCLAS 1K

#### **Power of Culture as Reflected in Teaching Materials**

HK0709050988 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 4, 16 Aug 88 pp 44-45

[Article by Zhang Shouying 1728 7445 2503]

[Text] I first read Li Shulei's article on the culture of selected works in "The Beijing University Journal". I read it again in Guangming Ribao. Inspired by his article, I voice my view here.

In my opinion, selected works in China are usually related to teaching materials and to teaching. "The Book of Songs" is perhaps the first book of selected works in China. Confucius said, "The 300 songs can be summarized as innocent in thought." Verse or songs can most easily pervert, yet why are they innocent in the "Book of Songs"? Perhaps it is because the songs are about observations, joys, people, and sorrows. Therefore, the preface of "The Book of Songs" states that the book aims "to teach and influence." This is perhaps the aim of the editor of the book.

As teaching material, "The Book of Songs" is powerful. It has not only set a boundary for poetry, it has also affected the development of Chinese literature. When Xiao Tong of the Liang Dynasty compiled the first extant book of selected articles, he stated that "verse like 'Guan Sui' carries a proper moral...if promoted, it spreads wide." In my opinion, most writings in ancient Chinese literature are lyrical. The narrative style of "strategies of the Warring States" became popular much later. The metaphysical argumentation of "The Book of Change" and "Mo-zi" were buried later and this is perhaps related to making "The Book of Songs" a classic among teaching materials. Even Today, Liang Qichao's writings are admired for "their touch of emotion," whereas meticulously logical works are ignored. This is related to our traditional idol worship in the culture of teaching materials.

After "The Book of Songs" and "Selected Articles," the most influential and popular textbook in China, in the past, is Zhu Xi's "Annotations of the Four Books." With his intelligence, knowledge, and status, Zhu Xi could have easily written a textbook. He annotated the classics because he wanted "to water his land with the wine cups of the ancients" and to teach and influence with the classics. He said that "The Book of Learning" "was used to teach people about how to behave in ancient times," and that "The Book of the Golden Mean" was written "Because Confucius was worried about the continuity of Confucian teaching." He annotated "The Book of the Golden Mean" in order to "continue the tradition of the ancient masters" and because "unorthodox schools of thought have become popular and the emergence of Taoists and Buddhists will contaminate the orthodox Confucian school of thought." If "The Book of Learning" and "The Book of the Golden Mean" have such significance, "The Analects of Confucius" and "Meng-zi" have even more. Therefore, Zhu Xi annotated the Confucian classics to be textbooks to promote his neo-Confucianism and plant the essence of Confucianism in young children. In so doing, he could reduce the influence of Taoism and Buddhism. We can see that the ancients were usually quite strategically-oriented in compiling and annotating textbooks. They taught children and shaped their minds and behavior with their textbooks. When the children grew up, they usually behaved in the way they had been taught. Occasionally there were rebels like Li Zhi. However, even Li had to make a great effort in order to be critical about what he had been taught. If that is the case, textbook culture is closely related to the shaping of people's thoughts and is crucial to the construction of people's attitudes and behavior and culture.

I dare not say that teaching materials directly result in a certain kind of culture. However, textbooks have produced many "people of textbook culture," and there are records of people who continue cultural traditions such as those recorded in Confucian and Buddhist books respectively. Therefore, the ancients had two approaches to textbooks. Either they annotated the six classics or the

six classics annotated them. Few created new classics. They respected their teachers and the classics and could perhaps learn how to be "people of textbook culture" from them. Some time ago I read "The Literati and Chinese Literature" by Yu Yinshi. I think he is right to distinguish between the literati and the intellectuals. The author says that the origin of the modern intellectual in the West is closely related to the Age of Reason in the 18th century. To Kant, the spirit of the Age of Reason is "to have the courage to use reason in all public affairs." This can apply to the spirit of the modern intellectual too. Neo-Confucians since the Song Dynasty read about Taoism and Buddhism but returned to the Confucian classics afterwards. By the "people of textbook culture" I refer to the following type of people. In their writings they refer extensively to texts and allusions. Their writings follow a reasonable order and their content is substantial. However, they rarely relate to the reality or express their own views. Their writings lack creativity. For new ideas they adopt Zhu Xi's approach of rejecting Buddhist and Taoist influence. Their writings are rigid and lack style. Such writings are actually reproductions of "textbook culture". The early "people of textbook culture" sowed the seeds of textbook culture. If the harvest is good, there will be more seeds of textbook culture. If this process goes on, textbook culture will cover a huge surface area and culture which should be full of human strength will be rigid and formulaic, and it will lose individual creativity.

However, we must not generalize all textbook culture as such. We cannot deny the fact that most people grew up with textbook culture. I have written textbooks and am willing to write more. What I mean is that those who entered the reality, work and academic research must come out from textbook culture so as to shatter the idol worship in textbook culture and raise our cultural level in the aspect of individual creativity. It is of course all right to have more people of textbook culture, but isn't it even more valuable to have more great thinkers, inventors, scientists, and politicians? If the cultural level in general is not high, the cultural structure is not changed, people's attitudes and behavior does not change, and a free atmosphere is not formed, how can textbook culture be elevated? When we cultivate contemporary culture we must not use textbook culture to set the criteria or book worship to define the scope of behavior.

Textbooks are ladders for students to learn. People could perhaps see them as the idols of orthodox culture and use them as bullets to shoot advanced culture, as identification for professors, criteria to assess student performance, and even use lesson plans for academic writings and to guide the development of culture and the nation in Zhu Xi's time or even a few years ago. Today, we understand how it hinders the progress of culture and construction. Although it still controls the progress of some cultural trades, it is nevertheless not as sacred as before. If some still insist that is sacred, they admit that they are weak and behind the times.

**When Then Is a Hero a Human Being?**  
*HK0709054388 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 4, 16 Aug 88 pp 45-46*

[Article by Zhang Yuwen 1728 5124 3306]

[Text] Today, people do not like to deify leaders and heroes anymore. They often say that "leaders are human too" or "heroes are human too." There is perhaps nothing wrong with these remarks. If we realize that for a rather long period of time people devoutly exclaimed "long live....," unconditionally obeyed the guidance of leaders, and refused to believe that heroes' eyes turned red when they parted with their lovers, then we will understand that this simple knowledge that "leaders and heroes are human too" did not come easily. It is a great ideological achievement since the abolishment of "left" influence. The knowledge is simple and yet profound.

However, the question does not end there. We must ask: What if leaders and heroes are human too? For example, since a hero is human too, should he also act like common people who haggle over every penny? Should he also "go through the back door" and use connections? Can he use vulgar language in his speech?

To say that leaders and heroes are human too means that they have also been raised in reality. They have the feelings and desires like ordinary people and they are not mysterious buddhas or supermen. Yet, leaders are not ordinary people. They are exceptional in ideas, pursuits, skills, morality, integrity, and courage, and can be models for the common people. If they are the same as most people in all aspects, why do we respectfully call them leaders and heroes? Leaders and heroes are rare. Gold is precious for its rarity. It is unlike earth which is everywhere. If there is gold all around us, then it will not be precious anymore.

The masses understand this principle. It is some people who claimed they have studied Marxist theories, or wear the label of 'communist', or possess some glorious titles, or of high ranks, who are not clear about this principle. They are gluttonous and squandering; they bribe and are bribed; they are calculating and demand money for whatever they do; they use public property for their own purposes.... In sum, they are present in corrupt practices. When the masses criticize them for having forgotten that they are members of the Communist party, advanced models, or leading cadres, they would raise their eyebrows and unashamedly argue, "What? Are not members of the communist party human too? Are not advanced models human? Are not leading cadres human?" This argument is based on "heroes are human too". Isn't it a muddled idea? There is some irrationality in this muddled idea, but to me there is more pretence in it. Those people pretend they are not clear about the idea. The crux of the question is that in the face of the new situation of reform and opening up, some people cannot resist the temptation of money and materials. They lose

their integrity and take part in corruption. They know that they will be criticized for their behavior and so shield and forgive themselves with the theory of "heroes are human too".

During the initial stage of socialism, we do not request all the people to "contribute selflessly to the society," but we expect members of the communist party, advanced models, and leading cadres to do so, for they are the pillars of the society, the backbone of the people, and the flag of the masses. Otherwise, how can they be members of the communist party or advanced models? As for leading cadres, if they do not become models for the masses, what kind of authority do they have?

Just as we cannot accept the deification of heroes, we cannot accept the degradation of heroic figures in the name of "Heroes are human too." On the one hand, heroic figures (I include in them members of the communist party, advanced models, and leading cadres) must not forget their identity, duties and responsibilities. They should respect their own dignity and be upright. They should always be ahead of the masses and be their models. They must not relax the strict demands on themselves and mix with the ordinary people. On the other hand, the society must not just watch heroic figures degrade and let them be. We must inspire, help, and supervise them. We must keep heroes of the past and prevent them from being outdated and degraded; we must also encourage the emergence of more heroes and make full use of their function as models. We need all kinds of heroes to help in our undertakings. A society that does not value heroes has no hope.

**Straightforward Criticism Can Make a Nation Prosper, Toadying Approval Can Subjugate It**  
*HK0109102188 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 4, 16 Aug 88 pp 46-47*

[Article by Li Dengwang 2621 4098 2598]

[Text] It is said that the recent Seventh NPC made some progress as compared with past congresses. At least the deputies did not stop at singing praises in unison, invariably expressing their agreement, and voicing unanimous ayes. This time, they could air differing or controversial views, and even say nay to some candidates; and the recent NPC went on in as lively a manner as it should have under normal conditions. Despite the fact that some deputies' speeches could be rather pungent, top leading members managed to listen to, lend an ear to, and sit through the speeches. I should say that this is a sign of the prosperity and hope of our nation.

It is written in "Historical Records: Biography of Shang-yang" that "one straightforward criticism is better than the toadying approval of a thousand men"; and in the poem "Zai Yin [0375 0692]," written by Zhou Tan [0719 2560] of the Tang Dynasty, he also said: "Straightforward criticism can make a nation prosper, while toadying approval can subjugate a nation." Therefore,

we can see that the emergence of people daring to make straightforward criticism, while the leadership can accept it as such, has a weighty bearing on the party's development as well as on the rise or fall of the nation. China had long been under the reign of feudalism, while the democratic system has been incomplete and imperfect over a long period since the socialist system was founded. The higher one's position, the greater the say one had. As a rule, the chorus of toadying approval drowned out straightforward criticism, and he who made such criticism was invariably doomed to failure against the overwhelming majority of yes-men. In the end, those who submitted would prosper, those who made straightforward criticism would be hurt, and those who resisted would perish. History since the founding of the PRC is evidence enough. Could we cite a single example of anyone being rewarded for his straightforward criticism? At the Lushan Conference in 1959, Comrade Peng Dehui made some straightforward remarks, and immediately came under fire from all sides; then the whole party condemned him both in speech and in writing until he was removed from office. In 1966, a Central Committee Standing Committee member wanted to initiate a disastrous "revolution" nationwide. Many of the Central Committee Standing Committee members and Central Committee members had "drawn a lesson" from the Lushan Conference, and would not dare put forth any straightforward criticism. When the "gang of four" ran roughshod, toadying approval was the fashion of the day. Only one voice was allowed throughout the nation, and any straightforward criticism would be met with the charge of "going against superiors and staging a rebellion," and then the whole party and whole nation would bring down the critic! Those who told the truth were ruined, those who told lies became influential, while those who talked nonsense were promoted to high positions; and that was exactly how things stood in those days! To tell the truth, one of the lessons to be drawn from the setbacks, calamities, and twists and turns the PRC and the CPC have suffered is that leaders were fond of listening to toadying approval, while too many yes-men were doing it. Because "the highers-up were fond of it," "those underlings must overdo it." Consequently, a malign cycle took shape: mistake—toadying approval; toadying approval—still greater mistake. By and by the political atmosphere became suffocating, lively thinking became stagnant, and people were turned into fanatics—singing paeans on and on to the leadership in a wish to protect their own safety. Reviewing such bitter experiences, I think that had our leaders accepted straightforward criticism, and made allowances for those who made such criticism, while earnestly examining themselves so as to be more careful in their work thereafter, those graver mistakes would not have surfaced at all.

Since the 3d Plenary Session of the 11th CPC Central Committee, the CPC has formulated the ideological line of seeking truth from facts. Through bringing order out of chaos and the development of democracy and the legal system, we now can at last hear some straightforward criticism, and see some frank critics, and have created a

kind of democratic atmosphere. This is really fine. However, the fondness for toadying approval is deep-rooted. When some people have become so used to a chorus, any differing opinions are invariably jarring to their ears. Therefore, a considerable number of comrades are always ready to enjoy praise. Existing from up to down is a rather universal phenomenon: It is all right to laud the leadership to the sky, but not to show an iota of opposition. Oratory does no harm in one's speech, but any slightly pungent remarks can be offensive. Beating about the bush is okay, but not straightforwardness. Nothing serious will happen in pointing out some problems in general, but not in singling out anybody by name. Criticism may be acceptable in private talk, but no way if doing it openly in public. It is all right to express some hopes regarding the higher-ups, but never to point out their shortcomings. Excessive praise will do nobody any harm, but not a slight deviation from truth regarding failure. To this day, some leading members have continued to regard straightforward criticism and those making it as the worst offense, while doing their utmost to prevent people from practising criticism, and to block the channel of speeches. They have pursued a policy of rewarding those who have sung their praises, while punishing those have touched upon the seamy side of things. Gansu's WUWEI BAO irritated some leading members because it carried deputies' criticisms during a session of the city's people's congress. As a result, circulation of the issue was stopped, and those copies already delivered were promptly recovered. If the reflection of the voices of some people's deputies in a paper should have "set off a fit" among the leadership, resulting in the depriving of others of their right to speech, is there any democracy and any equality in politics to speak of! The Weiwei people put it well: "Those who tell lies are given the green light wherever they go, while those who tell the truth are invariably given the red light whenever they make a move." This truthfully reflects the reality of democracy in some of our regions, units, and departments. Should the straightforward criticism have come from ordinary people instead of the people's deputies, they would have been doomed.

Comrade Deng Xiaoping pointed out: "Some people have failed to attach importance to party spirit and principles, while being very particular in finding out about the influential background and 'wind direction' regarding some instructions from higher-ups before delivering speeches and handling affairs. They believe that in this way, they will be free of mistakes. In fact, bending with the wind itself is a major mistake, because it runs against the party spirit of any communist." If there is only one voice, and only that voice is allowed from the top down in a nation, that nation will inevitably become lifeless, be in want of vitality, and be hopeless. A leading cadre, a senior leading cadre in particular, is doomed to making mistakes if he only allows toadying approval, while forbidding straightforward criticism, because the truth "straightforward criticism can make a

nation prosper, while toadying approval can subjugate a nation" has been proved by many facts in reality as well as in Chinese and foreign history.

### Stream Water

HK0709055788 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 4, 16 Aug 88 p 47

[Article by Gua Tian 3900 3944]

[Text] I admire stream water.

Stream water perseveringly runs forward. Sometimes it frolics under the grass, sometimes it moves stealthily among stone cracks. Although it runs along a zig-zag course, it never gives up ....

It does not mind poor and remote regions. On the contrary, it runs more relaxedly and lovingly there. Beautiful landscape cannot keep it. On the contrary, it runs faster forward.

Stream water overcomes all kinds of obstacles with a smile. Mountain rocks or trees, nothing can slow down its flow. On the contrary, its runs even faster. It is even so excited that it sings. Listen: ding ding dong dong ding ding dong dong ....

Stream water runs toward the sea without once changing its mind.

The success of stream water lies in its running through obstacles, not avoiding them. A zig-zag course is a harsh test. Look at the Yangtze River on the map, and you will find that sometimes the river has to turn inland toward the west! However, after many turns, it eventually turns to the east and joins the sea. For this reason, it is one of the earth's great rivers.

The obstacles formed by the zig-zag course often becomes a great impetus. People only know that a bullet flies very far. They do not know that it has received a lot of pressure before it is shot and it has turned many times along the rifling and so has gathered much force.

I admire stream water. I like to hear the songs of victory it sings as it advances amidst difficulties.

### Suggestions for QIUSHI Nos 1 and 2

HK0709055988 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 4, 16 Aug 88 p 48

[Letter from Wang Baoheng 3769 1405 3801 of HENAN RIBAO]

[Text] After reading issues numbers 1 and 2, my overall impression is that these two issues have realized the editorial goal, which is to start from the reality of the initial stage of socialism and investigate theoretical issues that have emerged from the reform and opening

up of China. There is more content and the discussions are livelier than before. However, a few questions merit attention and improvement.

1. There should be more in-depth discussion on smaller topics. To cover a large topics in each section under an overarching topic make an article too long and the discussion not deep and thorough enough. It is better to write a full article on one of the section topics in greater depth. The readers will benefit more from it. If all the section topics are important, then more full-length articles should be written.

2. In issue No 2, the article "Several Viewpoints on Improving the Pay for Intellectuals," the policy of "walking on two legs" (i.e., raising the wages and exploring more forms of paid service) is suggested to raise the pay for intellectuals. This may be feasible for intellectuals in some units, however, it is not applicable to most intellectuals. Moreover, the experience of some work units shows that part-time work has brought unfavorable impact on them. Therefore, I think that some units and departments can adopt this measure, but it must not become a general policy.

### Hopes and Suggestions

HK0709060188 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 4, 16 Aug 88 p 48

[Letter from Huang Yusheng 7806 3768 3932 of the CPC Jiangsu Provincial Party Committee]

[Text] 1. The question of how to reduce the number of lengthy articles. Apart from the resolutions of the central authorities and "To the readers," No 1 of Qiushi contains 14 articles. Of those 7 do not exceed 3 1/2 pages (5000 characters) and 7 exceed 3 1/2 pages. Today's readers are busy and articles that exceed 5000 characters are ominous. Can the editors set up a rule, so that there will be only a certain number of articles exceeding 5000 characters for each issue? Otherwise the problem will never be resolved.

2. How to organize the "Viewpoints." The questions selected should not be obscure and one-sided. They should be closely related to reform and especially helpful to raising the consciousness of cadres in implementing party policies. For example, how to make Party members perform their functions at present, views on the private economy, how to understand non-labor income and formulate policies on it, etc., can be included in the discussions. The questions discussed should be of interest to all readers.

3. How to change the style of writing. Theoretical journals have been losing readers largely due to their writing styles. Much has been talked about this question but little has been done. Some people think that theoretical articles must follow a fixed format. Actually Marx's "Das Kapital" is quite vividly written. The editors should

make an effort to introduce concrete change in the writing style. I hope QIUSHI will set a good precedent.

4. How to publish articles by departments. The articles should not be about their specific work only. They should talk about policies and ideology, otherwise the readers will find them too narrow. The discussion on the specific work of the departments should serve the discussion on ideology too.

5. There should be a focus for each issue. It should grasp uncertainties, difficulties, hot issues, and weak issues in cadres' thinking, and should avoid being too general.

6. How to show the superiority of theoretical journals. Journals are different from newspapers, and theoretical journals have their own features. This question should be studied in detail.